

*No securities regulatory authority has expressed an opinion about these securities and it is an offence to claim otherwise.*

*This prospectus constitutes a public offering of these securities only in those jurisdictions where they may be lawfully offered for sale and therein only by persons permitted to sell such securities. The securities offered hereby have not been and will not be registered under the United States Securities Act of 1933, as amended, or any state securities laws, and, subject to certain exceptions, may not be offered or sold in the United States of America, its territories or possessions or to, or for the account of benefit of, a “U.S. person” within the meaning of Regulation S under the United States Securities Act of 1933, as amended. This prospectus does not constitute an offer to sell or a solicitation of an offer to buy any of the securities offered hereby within the United States. See “Plan of Distribution”.*

## PROSPECTUS

Initial Public Offering

December 4, 2017



### GROUP ELEVEN RESOURCES CORP.

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|                                                     |
|-----------------------------------------------------|
| Minimum Offering: \$5.0 Million / 12,500,000 Units  |
| Maximum Offering: \$10.0 Million / 25,000,000 Units |
| at a price of \$0.40 per Unit                       |

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Group Eleven Resources Corp. (the “**Company**”) is hereby offering (the “**Offering**”) on a commercially reasonable efforts basis, to purchasers resident in the Provinces of British Columbia, Alberta, and Ontario through its Agents, PI Financial Corp., Cormark Securities Inc. and Sprott Private Wealth LP, (the “**Agents**”), a minimum of 12,500,000 Units for gross proceeds of \$5.0 million (the “**Minimum Offering**”) and a maximum of 25,000,000 Units for gross proceeds of \$10.0 million (the “**Maximum Offering**”) at a price of \$0.40 per Unit (the “**Offering Price**”). Each Unit consists of one common share of the Company (a “**Share**”) and one common share purchase warrant (a “**Warrant**”). Each Warrant entitles the holder to acquire one additional common share in the capital of the Company (the “**Warrant Shares**”) upon payment to the Company of additional cash consideration of \$0.60 per Warrant Share on or before the date that is one year following the Closing Date (as defined below). The Offering Price and the terms of the Offering have been determined by negotiation between the Company and the Agents. The anticipated Closing Date of the Offering is December 14, 2017.

The Company has granted the Agents an option to offer up to an additional 15% of the Units (being up to 3,750,000 additional Units in the event of the Maximum Offering) solely to cover over-allotments, if any (the “**Over-Allotment Option**”), by giving written notice of the exercise of the Over-Allotment Option, or a part thereof, to the Company at any time up to 30 days following the Closing Date. This Prospectus qualifies the distribution of the Shares, the Warrants, the Agents’ Warrants (as defined below), the Over-Allotment Option, and any additional Shares, Warrants and Agents’ Warrants issuable upon exercise of the Over-Allotment Option. The distribution by the Company of the Warrant Shares is not qualified by this Prospectus but will be effected pursuant to exemptions from the prospectus requirements of applicable securities laws in Canada.

|                  | Price to Public | Agents’ Commission <sup>(1)</sup> | Proceeds Available to the Company <sup>(2)</sup> |
|------------------|-----------------|-----------------------------------|--------------------------------------------------|
| Per Unit         | \$0.40          | \$0.024                           | \$0.376                                          |
| Minimum Offering | \$5,000,000     | \$300,000                         | \$4,700,000                                      |
| Maximum Offering | \$10,000,000    | \$600,000                         | \$9,400,000                                      |

Notes:

1. The Company has agreed to pay the Agents a cash commission equal to 6.0% of the gross proceeds from the sale of the Units under the Offering (the “**Agents’ Commission**”), and to grant the Agents non-transferable Agents’ warrants (the “**Agents’ Warrants**”) entitling the Agents to purchase common shares of the Company (the “**Agents’ Warrant Shares**”) equal to 6.0% of the Units sold, at a price equal to the Offering Price, for a period of 18 months from the Listing Date (as defined herein). The Company has also agreed to pay the Agents’ expenses in connection with the

Offering, including legal fees and disbursements and the Agents' reasonable out-of-pocket expenses (the "**Agents' Expenses**"). See "Plan of Distribution".

2. Before deducting the balance of the expenses of the Company and the Agents' Expenses relating to the Offering, estimated to be \$350,000) See "Use of Proceeds".

A purchaser who acquires Units issued as a result of the exercise of the Over-Allotment Option acquires those Units under this Prospectus, regardless of whether such over-allotment position is ultimately filled through the exercise of the Over-Allotment Option or through secondary market purchases. If the Over-Allotment Option is exercised in full, the total offering price to the public, the Agents' Commission and the net proceeds to the Company (after deducting the Agents' Commission but before deducting the expenses and costs relating to the Offering estimated to be \$350,000) will be \$11,500,000, \$690,000 and \$10,810,000, respectively, in the case of the Maximum Offering.

There is no market through which the securities offered hereunder may be sold and purchasers may not be able to resell securities purchased under this Prospectus. This may affect the pricing of the securities in the secondary market, the transparency and availability of trading prices, the liquidity of the securities, and the extent of issuer regulation. See "Risk Factors".

The TSX Venture Exchange (the "**Exchange**") has conditionally accepted the listing of the Shares. Listing will be subject to the Company fulfilling all of the listing requirements of the Exchange.

As at the date of this Prospectus, the Company does not have any of its securities listed or quoted, has not applied to list or quote any of its securities, and does not intend to apply to list or quote any of its securities, on the Toronto Stock Exchange, Aequitas NEO Exchange Inc., a U.S. marketplace, or a marketplace outside Canada and the United States of America (other than the Alternative Investment Market of the London Stock Exchange or the PLUS markets operated by PLUS Markets Group plc).

The Agents, as exclusive agents of the Company for the purposes of the Offering, conditionally offer the Units on a commercially reasonable efforts basis, subject to prior sale, if, as and when issued by the Company and accepted by the Agents in accordance with the Agency Agreement referred to under "Plan of Distribution". Subscriptions will be received subject to rejection or allotment in whole or in part. It is expected that the initial closing of the Offering will occur no later than January 31, 2018 (the "**Transaction Deadline**"), or such other date as agreed to by the Company and the Agents, but no later than the date that is 90 days from the issuance of a receipt for the Prospectus or, if a receipt has been issued for an amendment to the Prospectus, within 90 days of the issuance of such receipt and in any event not later than 180 days from the date of the receipt for the Prospectus (the "**Offering Period**"). The initial closing of the Offering is conditional on the Minimum Offering of \$5.0 million being achieved. The Offering will not be completed and no subscription funds will be advanced to the Company unless and until the Minimum Offering has been raised. In the event the Minimum Offering is not attained by the Transaction Deadline, or such other date as agreed to by the Company and the Agents, but in any event no later than the end of the Offering Period, all subscription funds that subscribers may have advanced to the Agents in respect of the Offering will be refunded to the subscribers without interest or deduction. If less than the Maximum Offering is subscribed for at the initial closing of the Offering, subsequent closings may be held at any time, and from time to time, as the Company and the Agents may agree, provided that such closings occur before the end of the Offering Period.

It is expected that one or more global certificates representing the aggregate number of Shares and Warrants subscribed for under this Prospectus will be issued in registered form to CDS Clearing and Depository Services Inc. ("**CDS**") and will be deposited with CDS on the Closing Date. No certificate evidencing the Shares or Warrants comprising the Units will be issued to purchasers under this Prospectus, and registration will be made in the depository services of CDS. Purchasers of Shares and Warrants will only receive a customer confirmation from the Agents or registered dealer who is a CDS participant and from whom or through whom a beneficial interest in the Shares and Warrants is purchased. Notwithstanding anything to the contrary contained herein, Warrants sold pursuant to Section 4(a)(2) of the U.S. Securities Act of 1933, as amended (the "**1933 Act**"), will be represented by definitive certificates registered in the name of the purchasers thereof or their nominees.

Subject to applicable laws, the Agents may, in connection with the Offering, effect transactions which stabilize or maintain the market price of the Shares or the Warrants at levels other than those which might otherwise prevail in the open market. See "Plan of Distribution".

The Company is not a related or connected issuer (as such terms are defined in National Instrument 33-105, Underwriting Conflicts) to the Agents.

The following table sets out securities issuable to the Agents, assuming completion of the Maximum Offering and the exercise of the Over-Allotment Option in full:

| <b>Dealer's Position</b>        | <b>Maximum size or number of securities available</b> | <b>Exercise period or acquisition date</b> | <b>Exercise price or average acquisition price</b> |
|---------------------------------|-------------------------------------------------------|--------------------------------------------|----------------------------------------------------|
| Over-Allotment Option           | 3,750,000                                             | 30 days following the Closing Date         | \$0.40                                             |
| Agents' Warrants <sup>(1)</sup> | 1,500,000                                             | 18 months from the Listing Date            | n/a                                                |
| Agents' Warrant Shares          | 1,500,000                                             | n/a                                        | \$0.40                                             |
| Total Shares Issuable           | 5,250,000                                             | n/a                                        | n/a                                                |

- (1) The Agents' Warrants are qualified for distribution pursuant to this Prospectus. See "Description of Securities Distributed" for more information about the Agents' Warrants.

Unless otherwise noted, all currency in this Prospectus are stated in Canadian dollars.

Investments in natural resource issuers involve a significant degree of risk. The degree of risk increases substantially where the issuer's properties are in the exploration as opposed to the development stage. All of the properties of the Company are in the exploration or pre-exploration stage and are without a known body of commercial ore. An investment in these securities should only be made by persons who can afford the total loss of their investment. See "Risk Factors".

One director and Promoter (as defined herein) of the Company (Bart Jaworski), the Authors (as defined herein) (Paul Gordon and John G. Kelly) and the other two Promoters (John Barry and David Furlong) reside outside of Canada. Although each individual has appointed Cassels Brock & Blackwell LLP, Suite 2200, 885 West Georgia Street, Vancouver, B.C. V6C 3E8 as his agent for service of process in British Columbia, Alberta and Ontario, it may not be possible for investors to enforce judgements obtained in Canada any person who resides outside of Canada, even if the party has appointed an agent for service of process.

Certain legal matters relating to the securities offered hereby will be passed upon by Cassels Brock & Blackwell LLP, on behalf of the Company and by Blake, Cassels & Graydon LLP, on behalf of the Agents. No person is authorized to provide any information or to make any representation in connection with this offering other than as contained in this Prospectus.

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## **GLOSSARY**

|                                       |                                                                                                                                                                                                                                                                                       |
|---------------------------------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <b>“Agency Agreement”</b>             | means the agency agreement dated December 4, 2017 between the Agents and the Company relating to the Offering;                                                                                                                                                                        |
| <b>“Agents’ Commission”</b>           | means the fee equal to 6.0% of the gross proceeds from the sale of the Units under the Offering payable to the Agents by the Company in cash;                                                                                                                                         |
| <b>“Agents’ Expenses”</b>             | means the Agents’ expenses in connection with the Offering which, pursuant to the Agency Agreement, the Company has agreed to repay to the Agents, including legal fees and disbursements as well as the Agents’ reasonable out-of-pocket expenses;                                   |
| <b>“Agents’ Warrant Shares”</b>       | means the Shares to be issued to the Agents upon exercise of the Agents’ Warrants;                                                                                                                                                                                                    |
| <b>“Agents’ Warrants”</b>             | means the up to 1,500,000 share purchase warrants to be granted to the Agents as partial consideration for their services in connection with the Offering as described under the heading “Plan of Distribution”;                                                                      |
| <b>“Agents”</b>                       | means PI Financial Corp., Cormark Securities Inc. and Sprott Private Wealth LP;                                                                                                                                                                                                       |
| <b>“Authors”</b>                      | means EuroGeol Dr. John G. Kelly, PGeo, MIMMM and EuroGeol Paul Gordon, PGeo, MSc of SLR Consulting (Ireland) Ltd., the authors of the Reports;                                                                                                                                       |
| <b>“BRL”</b>                          | means Ballinalack Resources Limited;                                                                                                                                                                                                                                                  |
| <b>“Ballinalack Project”</b>          | means the Ballinalack Project, comprising eleven prospecting licenses covering an area of 312 square kilometres in Country Westmeath and County Longford, 85 kilometres northwest of Dublin, Republic of Ireland;                                                                     |
| <b>“Ballinalack Technical Report”</b> | means the Technical Report entitled “NI 43-101 Independent Report on a Base Metal Exploration Project at Ballinalack, Co. Westmeath, Ireland” with an effective date of November 20, 2017, and prepared for the Company by the Authors in accordance with National Instrument 43-101; |
| <b>“Closing Date”</b>                 | means such date or dates that the Company and the Agents mutually determine to close the Offering;                                                                                                                                                                                    |
| <b>“Closing”</b>                      | means the closing of the Offering;                                                                                                                                                                                                                                                    |
| <b>“common share”</b>                 | means a common share in the capital of the Company;                                                                                                                                                                                                                                   |
| <b>“Company”</b>                      | means Group Eleven Resources Corp.;                                                                                                                                                                                                                                                   |
| <b>“EMD”</b>                          | means the Exploration and Mining Division of Ireland;                                                                                                                                                                                                                                 |
| <b>“Escrow Agreement”</b>             | means the escrow agreement to be entered into between the Company, TSX Trust Company and various Principals of the Company prior to Closing;                                                                                                                                          |
| <b>“Exchange”</b>                     | means the TSX Venture Exchange;                                                                                                                                                                                                                                                       |
| <b>“GEME”</b>                         | means Group Eleven Mining and Exploration Limited, a wholly-owned indirect subsidiary of the Company;                                                                                                                                                                                 |
| <b>“GERL”</b>                         | means Group Eleven Resources Limited, a wholly-owned subsidiary of the Company;                                                                                                                                                                                                       |

|                                |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                       |
|--------------------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <b>“GSI”</b>                   | means Geological Survey of Ireland;                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                   |
| <b>“JORC”</b>                  | means the Australasian Code for Reporting Exploration Results, Mineral Reserves and Ore Reserves;                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                     |
| <b>“Listing Date”</b>          | means the date on which the common shares of the Company are first listed for trading on the Exchange following the Offering;                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                         |
| <b>“MAG”</b>                   | Means MAG Silver Corp.;                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                               |
| <b>“MAG Warrants”</b>          | means the issued and outstanding options, now characterized as common share purchase warrants, held by MAG entitling MAG to acquire, upon payment of additional cash consideration, up to 4,632,950 common shares on or prior to the day that is two years after the Closing Date;                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                    |
| <b>“Material Properties”</b>   | means the Ballinalack Project, the Stonepark Project and the Silvermines Project;                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                     |
| <b>“New Stock Option Plan”</b> | means the Company’s Stock Option Plan to be effective as of and from the Closing date providing for the granting of incentive options to the Company’s directors, officers, employees and consultants;                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                |
| <b>“NHA”</b>                   | means a Natural Heritage Area;                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                        |
| <b>“NI 43-101”</b>             | means National Instrument 43-101 <i>Standards of Disclosure for Mineral Projects</i> of the Canadian Securities Administrators;                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                       |
| <b>“Nonfemet”</b>              | means Zhongjin Lingnan Mining (hk) Company Limited (c/o Shenzhen Zhongjin Lingnan Nonfemet Company);                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                  |
| <b>“Offering Price”</b>        | means \$0.40 per Unit;                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                |
| <b>“Offering”</b>              | means the Offering of Units of the Company as described in this Prospectus;                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                           |
| <b>“PLs”</b>                   | means prospecting licenses issued by the EMD;                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                         |
| <b>“Principal”</b>             | a principal of an issuer is: <ol style="list-style-type: none"> <li>1. a person or company who acted as a promoter of the issuer within two years before the Prospectus;</li> <li>2. a director or senior officer of the issuer or any of its material operating subsidiaries at the time of the Prospectus;</li> <li>3. a 20% holder – a person or company that holds securities carrying more than 20% of the voting rights attached to the issuer’s outstanding securities immediately before and immediately after the issuer’s initial public offering;</li> <li>4. a 10% holder – a person or company that: <ol style="list-style-type: none"> <li>(a) holds securities carrying more than 10% of the voting rights attached to the issuer’s outstanding securities immediately before and immediately after the issuer’s initial public offering and</li> <li>(b) has elected or appointed, or has the right to elect or appoint, one or more directors or senior officers of the issuer or any of its material operating subsidiaries;</li> </ol> </li> </ol> |
| <b>“Prospectus”</b>            | means this Prospectus and any appendices, schedules or attachments hereto;                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                            |



|                                       |                                                                                                                                                                                                                                                                                          |
|---------------------------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <b>“Qualified Person”</b>             | means a Qualified Person as such term is defined in NI 43-101;                                                                                                                                                                                                                           |
| <b>“Reports”</b>                      | means the Silvermines Technical Report, the Ballinalack Technical Report and the Stonepark Technical Report;                                                                                                                                                                             |
| <b>“SAC”</b>                          | means a Special Area of Conservation;                                                                                                                                                                                                                                                    |
| <b>“Securities Commissions”</b>       | means the British Columbia Securities Commission, Alberta Securities Commission, and Ontario Securities Commission;                                                                                                                                                                      |
| <b>“Selling Provinces”</b>            | means British Columbia, Alberta, and Ontario and any other provinces in which this Prospectus has been filed and in which the Units will be offered for sale;                                                                                                                            |
| <b>“Share Option Plan”</b>            | means the Company’s Share Option plan adopted on December 22, 2016 by the Company’s board of directors and providing for the granting of incentive options to the Company’s directors, officers, employees and consultants;                                                              |
| <b>“Shares”</b>                       | means the minimum of 12,500,000 common shares and the maximum of 25,000,000 common shares comprising the Units offered for sale under this Prospectus;                                                                                                                                   |
| <b>“Silvermines Project”</b>          | means the Silvermines Project, comprising five prospecting licenses covering an area of 133 square kilometres in County Tipperary, 162 kilometres southwest of Dublin and 40 kilometres northeast of Limerick, Republic of Ireland;                                                      |
| <b>“Silvermines Technical Report”</b> | means the Technical Report entitled “NI 43-101 Independent Report on a Base Metal Exploration Project at Silvermines, County Tipperary, Ireland” with an effective date of November 20, 2017, and prepared for the Company by the Authors in accordance with National Instrument 43-101; |
| <b>“SLR”</b>                          | means SLR Consulting (Ireland) Ltd.;                                                                                                                                                                                                                                                     |
| <b>“SPA”</b>                          | means a Special Protection Area;                                                                                                                                                                                                                                                         |
| <b>“Stonepark Project”</b>            | means the Stonepark Project, comprising six prospecting licenses covering an area of 184 square kilometres in County Limerick, Ireland, near the city of Limerick, Republic of Ireland;                                                                                                  |
| <b>“Stonepark Technical Report”</b>   | means the Technical Report entitled “NI 43-101 Independent Report on a Base Metal Exploration Project at Stonepark, County Limerick, Ireland” with an effective date of November 20, 2017, and prepared for the Company by the Authors in accordance with National Instrument 43-101;    |
| <b>“Subscriber”</b>                   | means a person or other entity that subscribes for Units under the Offering;                                                                                                                                                                                                             |
| <b>“Transaction Deadline”</b>         | means January 31, 2018, or such other date as agreed to by the Company and the Agents;                                                                                                                                                                                                   |
| <b>“TIL”</b>                          | means Teck Ireland Limited;                                                                                                                                                                                                                                                              |
| <b>“TILZ”</b>                         | means TILZ Minerals Limited;                                                                                                                                                                                                                                                             |
| <b>“Units”</b>                        | means the minimum of 12,500,000 Units and the maximum of 25,000,000 Units, each Unit being comprised of one Share and one Warrant, offered for sale under this Prospectus; and                                                                                                           |
| <b>“Warrants”</b>                     | means the minimum of 12,500,000 Warrants and the maximum of 25,000,000 Warrants comprising the Units offered for sale under this Prospectus.                                                                                                                                             |

## GLOSSARY OF TECHNICAL TERMS

|                |                                                                                                                                |
|----------------|--------------------------------------------------------------------------------------------------------------------------------|
| %              | Percent.                                                                                                                       |
| <              | Less than.                                                                                                                     |
| >              | Greater than.                                                                                                                  |
| 1 gram         | 0.3215 troy ounces.                                                                                                            |
| 1 troy ounce   | 31.104 grams.                                                                                                                  |
| Ag             | Silver.                                                                                                                        |
| Anomalous      | A description of anything statistically out of the ordinary.                                                                   |
| BMB            | Black Matrix Breccias.                                                                                                         |
| Cm             | Centimetre.                                                                                                                    |
| Cu             | Copper.                                                                                                                        |
| DDH            | Diamond Drill Hole.                                                                                                            |
| DEM            | Digital Elevation Model.                                                                                                       |
| EM             | Electromagnetic.                                                                                                               |
| Fn, FMn        | Formation.                                                                                                                     |
| g or gm        | grams.                                                                                                                         |
| g/t            | grams per tonne.                                                                                                               |
| ICP-MS         | Inductively Coupled Plasma-Mass Spectrometry.                                                                                  |
| Igneous Rock   | A rock formed by the crystallization of magma or lava.                                                                         |
| ING            | Irish National Grid.                                                                                                           |
| IP             | Induced Polarization.                                                                                                          |
| km             | Kilometre.                                                                                                                     |
| Lithologic     | Pertaining to rock.                                                                                                            |
| Metamorphic    | Pertaining to the process of metamorphism or to its results.                                                                   |
| Mineralization | The presence of minerals of possible economic value – and also the process by which concentration of economic minerals occurs. |
| ml             | Millilitre.                                                                                                                    |
| Mt             | Million tonnes.                                                                                                                |
| °              | Degrees.                                                                                                                       |
| °C             | Degrees Celsius.                                                                                                               |
| oz.            | Troy Ounce.                                                                                                                    |
| Pb             | Lead.                                                                                                                          |
| Porphyry       | An Igneous Rock of any composition that contains conspicuous phenocrysts in a fine-grained groundmass.                         |
| Ppb            | Parts per billion.                                                                                                             |
| Ppm            | Parts per million.                                                                                                             |

|             |                                                                                                                                                                                                                                     |
|-------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Proterozoic | Of or relating to the later of the two divisions of Precambrian time, from approximately 2.5 billion to 570 million years ago, marked by the buildup of oxygen and the appearance of the first multicellular eukaryotic life forms. |
| QA/QC       | Quality Assurance / Quality Control.                                                                                                                                                                                                |
| tonne       | Metric ton.                                                                                                                                                                                                                         |
| VLF         | Very-low-frequency.                                                                                                                                                                                                                 |
| Zn          | Zinc.                                                                                                                                                                                                                               |

## PROSPECTUS SUMMARY

*The following is a summary of the principal features of this distribution and should be read together with the more detailed information and financial data and statements contained elsewhere in this Prospectus.*

|                         |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                       |
|-------------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| The Company             | The Company is engaged in the business of exploration of mineral properties in Ireland. The Company holds prospecting licenses issued by the Exploration and Mining Division of Ireland (“PLs”) and the Company’s objective is to explore and develop the Ballinalack Project, the Stonepark Project and the Silvermines Project. See “The Business of the Company”.                                                                                                                                                  |
| The Ballinalack Project | The Ballinalack Project, comprising eleven prospecting licenses covering an area of 312 square kilometres in Country Westmeath and County Longford, 85 kilometres northwest of Dublin, Republic of Ireland.                                                                                                                                                                                                                                                                                                           |
| The Stonepark Project   | The Stonepark Project, comprising six prospecting licenses covering an area of 184 square kilometres in Country Limerick, Ireland, near the city of Limerick, Republic of Ireland.                                                                                                                                                                                                                                                                                                                                    |
| The Silvermines Project | The Silvermines Project, comprising five prospecting licenses covering an area of 133 square kilometres in Country Tipperary, 162 kilometres southwest of Dublin and 40 kilometres northeast of Limerick, Republic of Ireland.                                                                                                                                                                                                                                                                                        |
| Other Projects          | The PG West Project and the Tralee Project.                                                                                                                                                                                                                                                                                                                                                                                                                                                                           |
| The Offering            | The Company is offering a minimum of 12,500,000 Units for gross proceeds of \$5.0 million and a maximum of 25,000,000 Units for gross proceeds of \$10.0 million for sale in the Selling Provinces, at the Offering Price of \$0.40 per Unit. See “Plan of Distribution”.                                                                                                                                                                                                                                             |
| Use of Proceeds         | The Company will receive minimum aggregate net proceeds of \$4.35 million and maximum aggregate net proceeds of \$9.05 million from the Offering, after deducting the Agents’ Commission and the estimated expenses of the Offering, together ranging from \$650,000 to \$950,000, subject to the total proceeds raised from the Offering. These funds will be combined with the Company’s existing working capital balance of approximately \$543,000 as at September 30, 2017 to be used by the Company as follows: |

|                                                                                                                        | Funds to be Used Based on Minimum Proceeds of <sup>(1)</sup> |             |              |
|------------------------------------------------------------------------------------------------------------------------|--------------------------------------------------------------|-------------|--------------|
| Principal Purpose:                                                                                                     | \$5,000,000                                                  | \$7,500,000 | \$10,000,000 |
| <b>Ballinalack Project</b> - To complete a portion of the recommended exploration program for 24 months <sup>(2)</sup> | \$1,267,000                                                  | \$1,948,000 | \$1,958,000  |
| <b>Stonepark Project</b> - To complete a portion of the recommended exploration program for 24 months <sup>(2)</sup>   | \$1,026,000                                                  | \$1,959,000 | \$2,464,000  |
| <b>Silvermines Project</b> - To complete a portion of the recommended exploration program for 24 months <sup>(2)</sup> | \$945,000                                                    | \$1,422,000 | \$1,660,000  |
| General Corporate Costs for 24 months <sup>(3)</sup>                                                                   | \$1,563,000                                                  | \$1,563,000 | \$1,563,000  |
| Exploration on other projects:                                                                                         |                                                              |             |              |
| - Silvermines North                                                                                                    | -                                                            | -           | \$784,000    |
| - PG West                                                                                                              | -                                                            | \$233,000   | \$879,000    |
| - Tralee                                                                                                               | \$92,000                                                     | \$118,000   | \$285,000    |
| Total <sup>(4)</sup>                                                                                                   | \$4,893,000                                                  | \$7,243,000 | \$9,593,000  |

Notes:

- See the tables in the sections under the heading “Further Exploration Activities Proposed” in each of the sections entitled “Business of the Company - Ballinalack Project”, “Business of the Company - Stonepark Project” and “Business of the Company - Silvermines Project” for a summary of the work to be undertaken and a breakdown of the estimated costs regarding the recommended work programs for

the Material Properties.

2. See “Use of Proceeds”. The Company intends to spend the funds available to it as stated in this Prospectus. There may be circumstances, however, where for sound business reasons a reallocation of funds may be necessary.
3. See “Use of Proceeds”.
4. Includes \$543,000 working capital available at September 30, 2017.

The Company has negative cash flow from operations in its most recently completed financial year.

#### Risk Factors

An investment in the Shares and Warrants comprising the Units should be considered highly speculative and investors may incur a loss on their investment. The Company has no history of earnings and to date has not defined any commercial quantities of mineral reserves on the Material Properties. The Company has negative operating cash flow. The Company and its assets may also become subject to uninsurable risks. The Company’s activities may require permits or licenses which may not be granted to the Company. The Company competes with other companies with greater financial resources and technical facilities. The Company may be affected by political, economic, environmental and regulatory risks beyond its control. The Company is currently largely dependent on the performance of its directors and officers and there is no assurance the Company can retain their services. In recent years both metal prices and publicly traded securities prices have fluctuated widely. See the section entitled “Risk Factors” for details of these and other risks relating to the Company’s business.

#### Summary of Financial Information

The following selected financial information is subject to the detailed information contained in the audited consolidated financial statements of the Company and notes thereto appearing elsewhere in this Prospectus and should be read in conjunction with the audited consolidated financial statements and related notes.

|                      | <b>For the year ended<br/>December 31, 2016<br/>Audited</b> | <b>For the period from incorporation<br/>to December 31, 2015<br/>Audited</b> |
|----------------------|-------------------------------------------------------------|-------------------------------------------------------------------------------|
| Revenues             | Nil                                                         | Nil                                                                           |
| Loss for the Period  | (\$589,275)                                                 | (\$63,793)                                                                    |
| Total Assets         | \$1,931,304                                                 | \$119,589                                                                     |
| Total Liabilities    | \$203,271                                                   | \$19,584                                                                      |
| Shareholder’s Equity | \$1,728,033                                                 | \$100,005                                                                     |

The following selected financial information is subject to the detailed information contained in the unaudited interim consolidated financial statements of the Company and notes thereto appearing elsewhere in this Prospectus and should be read in conjunction with the unaudited consolidated interim financial statements and related notes.

|                      | <b>For the three months ended<br/>September 30, 2017<br/>Unaudited</b> | <b>For the nine months ended<br/>September 30, 2017<br/>Unaudited</b> |
|----------------------|------------------------------------------------------------------------|-----------------------------------------------------------------------|
| Revenues             | Nil                                                                    | Nil                                                                   |
| Loss for the Period  | (642,633)                                                              | (\$1,247,688)                                                         |
| Total Assets         |                                                                        | \$7,457,041                                                           |
| Total Liabilities    |                                                                        | \$460,113                                                             |
| Shareholder’s Equity |                                                                        | \$6,996,928                                                           |

See “Selected Financial Information and Management Discussion and Analysis”.

#### Currency

Unless otherwise indicated, all currency amounts herein are stated in Canadian Dollars.

## CAUTION REGARDING FORWARD-LOOKING STATEMENTS

Except for statements of historical fact relating to the Company, certain statements in this Prospectus may constitute forward-looking information, future oriented financial information, or financial outlooks (collectively, “forward-looking information”) within the meaning of Canadian securities laws. Forward-looking information may relate to this Prospectus, the Company’s future outlook and anticipated events or results and, in some cases, can be identified by terminology such as “may”, “will”, “could”, “should”, “expect”, “plan”, “anticipate”, “believe”, “intend”, “estimate”, “projects”, “predict”, “potential”, “targeted”, “possible”, “continue” or other similar expressions concerning matters that are not historical facts and include, but are not limited in any manner to, those with respect to commodity prices, mineral resources, mineral reserves, realization of mineral reserves, existence or realization of mineral resource estimates, the timing and amount of future production, the timing of construction of the proposed mine and process facilities, capital and operating expenditures, the timing of receipt of permits, rights and authorizations, and any and all other timing, development, operational, financial, economic, legal, regulatory and political factors that may influence future events or conditions, as such matters may be applicable. In particular, this Prospectus contains forward-looking statements pertaining to the following:

- Proposed expenditures for exploration work, and general and administrative expenses (see the tables in the sections under the heading “Further Exploration Activities Proposed” in each of the sections entitled “Business of the Company - Ballinalack Project”, “Business of the Company - Stonepark Project” and “Business of the Company - Silvermines Project” for a summary of the work to be undertaken and a breakdown of the estimated costs regarding the recommended work programs for the Material Properties);
- Expectations generally regarding completion of this Offering and the ability to raise further capital for corporate purposes; and
- Treatment under applicable governmental regimes for permitting and approvals. See “Risk Factors”.

Such forward-looking statements are based on a number of material factors and assumptions, and include the ultimate determination of mineral reserves, if any, the availability and final receipt of required approvals, licenses and permits, sufficient working capital to develop and operate any proposed mine, access to adequate services and supplies, economic conditions, commodity prices, foreign currency exchange rates, interest rates, access to capital and debt markets and associated costs of funds, availability of a qualified work force, and the ultimate ability to mine, process and sell mineral products on economically favourable terms. While the Company considers these assumptions to be reasonable based on information currently available to it, they may prove to be incorrect. Actual results may vary from such forward-looking information for a variety of reasons, including but not limited to risks and uncertainties disclosed in this Prospectus. See “Risk Factors”. The Company has no specific policies or procedures for updating forward-looking information. Forward-looking statements are based upon management’s beliefs, estimates and opinions on the date the statements are made and, other than as required by law, the Company does not intend, and undertakes no obligation to update any forward looking information to reflect, among other things, new information or future events.

Investors are cautioned against placing undue reliance on forward-looking statements.

## ELIGIBILITY FOR INVESTMENT

In the opinion of Cassels Brock & Blackwell LLP, counsel to the Company, and Blake, Cassels & Graydon LLP, counsel to the Agents, based on current provisions of the *Income Tax Act* (Canada) (the “**Tax Act**”), the regulations thereunder as of the date hereof (the “**Regulations**”) and the Tax Proposals (as defined below), as of the date hereof, the Shares, Warrants and Warrant Shares, if issued on the date hereof, will be qualified investments under the Tax Act for trusts governed by registered retirement savings plans (“**RRSPs**”), registered retirement income funds (“**RRIFs**”), registered disability savings plans (“**RDSPs**”), deferred profit sharing plans, registered education savings plans (“**RESPs**”) and tax-free savings accounts (“**TFSAs**”), all as defined in the Tax Act (each a “**Plan**”) provided that (i) in the case of the Shares and Warrant Shares, the Shares and Warrant Shares are listed on a “designated stock exchange”, as defined under the Tax Act (which includes tiers 1 and 2 of the Exchange), and (ii) in the case of the Warrants, the Company is not a “connected person” under a Plan. For this purpose, a “connected person” under a Plan is defined as a person who is an annuitant, a beneficiary, an employer or a subscriber under, or a holder of, a Plan and any person who does not deal at arm’s length with that person.

Notwithstanding the foregoing, the holder of a TFSA or an RDSP, the annuitant under an RRSP or RRIF, or the subscriber of an RESP will be subject to a penalty tax in respect of Shares, Warrant Shares or Warrants held in the TFSA, RRSP, RRIF, RDSP or RESP if such securities are prohibited investments for the TFSA, RRSP, RRIF, RDSP or RESP. A security will generally be a “prohibited investment” for a TFSA, RRSP, RRIF, RDSP or RESP if the holder of the TFSA or RDSP, or the annuitant under the RRSP or RRIF, or the subscriber of the RESP does not deal at arm’s length with the Company for the purposes of the Tax Act, or the holder, annuitant or subscriber has a “significant interest” (as defined in subsection 207.01(4) the Tax Act) in the Company. Holders of a TFSA or an RDSP, annuitants under an RRSP or RRIF, and subscribers of an RESP should consult their own tax advisors as to whether the Shares, Warrant Shares, or Warrants will be a prohibited investment in their particular circumstances.

## **MARKETING MATERIALS**

The template versions of the marketing materials entitled “Group Eleven Resources Corp. - Zinc Exploration in Ireland - Initial Public Offering October 2017” and “Private and Confidential - For Internal Use Only - Group Eleven Resources Corp.” filed with the Securities Commissions (as defined herein) under National Instrument 41-101 General Prospectus Requirements are incorporated by reference in this Prospectus. The template versions of the marketing materials are not part of this Prospectus to the extent that the contents of the template versions have been modified or superseded by a statement in this Prospectus. The Company has revised the template versions of the marketing materials regarding the disclosure of historical estimates and the Company has prepared revised template versions of the marketing materials which have been blacklined to show the modified statements and the revised template versions of the marketing materials can be viewed under the Company’s profile on [www.sedar.com](http://www.sedar.com). Any template version of marketing materials filed with the Securities Commissions under National Instrument 41-101 General Prospectus Requirements after the date of this Prospectus and before the termination of distribution is deemed to be incorporated by reference in this Prospectus.

## INVESTMENT HIGHLIGHTS

Ireland ranks as one of the largest zinc producers in Europe and is host to some of the world's largest zinc deposits. Over the last three years, Group Eleven Resources Corp. has assembled the largest zinc ground position in the country and its material projects (Ballinalack, Stonepark and Silvermines) are highly prospective for Irish Type zinc-lead mineralization. The Company's shareholders include MAG Silver Corp. and Teck Resources Limited and its team is comprised of accomplished mining executives with direct experience in finding mines, building companies and exploring Irish zinc deposits. The Company is positioned to leverage cutting-edge exploration techniques in a period of strong zinc market fundamentals.

### PORTFOLIO ASSEMBLED DURING DEPRESSED ZINC PRICE ENVIRONMENT

The Company's wholly owned subsidiary, Group Eleven Resources Limited ("GERL"), was formed in early 2015 to identify superior exploration opportunities in the Irish zinc district. Through 2015, 2016 and 2017, GERL (and its wholly operating subsidiary, Group Eleven Mining & Exploration Limited or "GEME") successfully acquired licenses encompassing four different areas and established the Company (through GERL and GEME) as the largest ground position holder in Ireland. In June 2017, GERL acquired, from Teck Ireland Ltd. ("TIL"), a 60% interest in Ballinalack Resources Limited, the owner of the Ballinalack Project. In September 2017, GERL acquired, from TIL, a 76.6% interest in TILZ Minerals Limited, the owner of the Stonepark Project.

Scientific and technical information in this Prospectus has been approved by John Barry, who is a Qualified Person and who is the Vice President, Exploration Strategy of the Company.

### Exhibit 1. Summary of the Company's Material Properties in Ireland.

| Project                 | Ballinalack                                                                      | Stonepark                                                                                             | Silvermines                                                                          |
|-------------------------|----------------------------------------------------------------------------------|-------------------------------------------------------------------------------------------------------|--------------------------------------------------------------------------------------|
| Ownership               | 60%                                                                              | 76.56%                                                                                                | 100%                                                                                 |
| Partner (if any)        | 40% (Nonfemet)                                                                   | 23.44% (LZL)                                                                                          | -                                                                                    |
| No of PLs               | 11                                                                               | 6                                                                                                     | 5                                                                                    |
| Area (sq km)            | 312                                                                              | 184                                                                                                   | 133.1                                                                                |
| Resource Stage          | Historic                                                                         | -                                                                                                     | -                                                                                    |
| Resource Size           | 7.7mt @ 7.3% Zn+Pb*                                                              | -                                                                                                     | -                                                                                    |
| Key Prospects           | Ballinalack                                                                      | Stonepark North<br>Stonepark West<br>Stonepark                                                        | Cooleen                                                                              |
| Historic Drilling       | 93,350m                                                                          | 57,742m                                                                                               | approx. 14,000m                                                                      |
| (incl drilling by Teck) | 29,400m                                                                          | 54,767m                                                                                               | -                                                                                    |
| Seismic surveys         | 63 line kms                                                                      | 18 line kms                                                                                           | -                                                                                    |
| Total sunk costs        | >C\$30m                                                                          | C\$8.9m                                                                                               | unknown                                                                              |
| Top 3 intersections     | B59: 45.6m @ 16.0% Zn+Pb<br>B57: 24.4m @ 19.7% Zn+Pb<br>B58: 24.4m @ 18.1% Zn+Pb | TC-2638-045: 7.5m @ 27.8% Zn+Pb<br>TC-2638-026: 7.2m @ 15.3% Zn+Pb<br>TC-2638-053: 6.9m @ 14.2% Zn+Pb | NX-11: 7.3m @ 16.0% Zn+Pb<br>NX-14: 2.1m @ 10.7% Zn+Pb<br>NX-8A: 2.0m @ 10.7% Zn +Pb |

The historical estimate at the Ballinalack Project is set out in a report prepared by the Robertson Group plc ("Robertson") in 1991. Significant data compilation, re-drilling, re-sampling and data verification may be required by a Qualified Person before the historical estimate at the Ballinalack Project can be classified as a current resource. A Qualified Person has not yet undertaken sufficient work to classify the historical estimate as a current resource and the Company is not treating the historical estimate as a current resource.



**Exhibit 2. Summary of the Company's Other Properties in Ireland.**

| Project           | Tralee         | PG West           | Silvermines North |
|-------------------|----------------|-------------------|-------------------|
| Ownership         | 100%           | 100%              | 100%              |
| Partner (if any)  | -              | -                 | -                 |
| No of PLs         | 15             | 34                | 19                |
| Area (sq km)      | 512.4          | 1,055.1           | 675.4             |
| Resource Stage    | -              | -                 | -                 |
| Resource Size     | -              | -                 | -                 |
| Key Prospects     | Castlemaine    | Carrickittle-Oola | various           |
|                   |                | Tipperary         |                   |
|                   |                | NewCastleWest     |                   |
| Historic Drilling | approx 14,000m | approx 38,400m    | approx 32,100m    |

**LARGE PORTFOLIO IN IRELAND'S ZINC MINING DISTRICT**

The Company controls the largest ground position in Ireland, consisting of 99 PLs covering 3,200 square kilometres across four project areas. Across the individual project areas, the Company has sought to acquire dominant land positions that offer superior brownfield exploration potential.

The properties are located within the established Irish Zinc District and are near or adjacent to major historic mines or deposits. The Irish Zinc District has been a major source of zinc production since the 1960s and is currently home to some of Europe's largest zinc projects including the Navan (Tara) Zinc-Lead mine (Boliden AB), the Pallas Green deposit (Glencore plc) and the past producing Lisheen mine (Vedanta Resources plc) and Galmoy mine (Lundin Mining Corporation).

The Irish Zinc District is known for carbonate hosted zinc-lead deposits, also known as "Irish Type" zinc deposits. For a description of the Irish Type deposits, see "Business of the Company - The Ballinalack Project - Geological Setting and Mineralization - Deposit Types". The founders of the Company have extensive experience and knowledge of these deposits. The four project areas controlled by the Company all are considered highly prospective for Irish Type zinc lead deposits.

**EXPLORATION AT MULTIPLE PROJECTS****Ballinalack Project**

The Ballinalack Project contains what is believed by the Company to be the second largest undeveloped zinc-lead occurrence in Ireland, after Glencore plc's Pallas Green deposit, and is located approximately 50km west from the currently producing Navan Zinc-Lead Mine (Boliden AB). The property is centered around the Ballinalack zinc-lead prospect which hosts a historical estimate of 7.7 million tonnes grading 7.3% combined zinc-lead based on the 1991 report prepared by Robertson (see "Business of the Company - The Ballinalack Project - History - Subsequent Exploration Groups (pre-2005)"). Significant data compilation, re-drilling, re-sampling and data verification would be required by a Qualified Person before the historical estimate can be classified as a current resource. A Qualified Person has not yet undertaken sufficient work to classify the historical estimate as a current resource and the Company is not treating the historical estimate as a current resource. It is estimated that more than \$30 million has been invested to date on the project, which has been subject to a total of 93,350m of drilling, including 29,400m by the previous operator, TIL.

An opportunity exists to update the historical estimate and directly test the Pale Beds horizon (believed to be analogous to the Pale Beds hosting the large Navan zinc-lead deposit) directly below the prospect. Additional opportunity exists via resource definition and testing regional targets. Significant historic drill intercepts include:

**Exhibit 3. Summary of key drill intercepts from the Ballinalack Project, Ireland.**

| Hole       | From (m) | Interval (m) | Zn+Pb (%) | Zn (%) | Pb (%) | Ag (g/t) | Gr x Th* (% x m) | Dip^ (deg) |
|------------|----------|--------------|-----------|--------|--------|----------|------------------|------------|
| B59        | 223.13   | 45.62        | 16.0      | 13.6   | 2.4    | 21.3     | 730              | 90-89      |
| B57        | 250.16   | 24.38        | 19.7      | 16.6   | 3.2    | 16.3     | 481              | 90-76      |
| B58        | 195.92   | 24.38        | 18.1      | 14.7   | 3.4    | 50.5     | 441              | 90-84      |
| B51        | 249.55   | 21.33        | 19.6      | 15.7   | 3.9    | 25.8     | 418              | 90-?       |
| B62        | 201.53   | 43.33        | 9.4       | 8.4    | 1      | 9.9      | 407              | 90-72      |
| TC-1344-36 | 202.70   | 34.80        | 10.7      | 9.4    | 1.2    | 25.5     | 372              | 90-?       |
| B89        | 219.69   | 34.43        | 9.6       | 8.4    | 1.2    | n/a      | 331              | 90-76      |
| B55        | 267.10   | 10.03        | 22.1      | 17.9   | 4.2    | 10.1     | 222              | 90-75      |
| B83        | 227.00   | 19.81        | 7.2       | 6.2    | 0.9    | n/a      | 142              | 90-70      |
| B15        | 50.06    | 10.67        | 13.1      | 11.6   | 1.6    | 28.2     | 140              | 50-?       |

Note: \* m% = (Zn+Pb)% multiplied by thickness (m); ^ Dip = (degrees from horizontal, from collar dip to largest deviation from collar dip, if known); It should be noted that the mineralization varies in morphology across the deposit, with a strong sub-vertical element close to the Ballinalack Fault, therefore to calculate true thickness it is necessary to multiply the intervals given above by between 0.60 and 0.95. Detailed modelling of the mineralisation, using 3D software, will be necessary to accurately estimate true thickness for each individual intercept.

#### Stonepark Project

The Stonepark Project is adjacent to Glencore's Pallas Green deposit, which is one of the largest undeveloped zinc projects in the world, with an estimated resource of 44 million tonnes grading 8% combined zinc-lead (based on Glencore plc's public disclosure). The Company believes the Pallas Green trend has historically been underexplored and remains poorly understood. In recent times, the trend has been shown to be significantly larger, in terms of mineralization and alteration, than other mineralized trends in Ireland (e.g. Silvermines and Rathdowney). The Company holds the largest license position in the Pallas Green district. The property was previously operated by TIL, who conducted 54,767m of drilling between 2007 and 2012.

Exploration opportunities exist at the Stonepark North, Stonepark West and Stonepark prospects where drilling by Teck Ireland Ltd. has intersected encouraging zones of mineralization (see Exhibit 4 below). Follow up drilling to trace mineralization back to a controlling structure, as well as, testing regional targets are key priorities. Regionally, the major mineralization controlling structures have not yet been identified on the property. The Company aims to achieve this goal by using tectono-stratigraphic analysis combined with seismic profiling (which has been attributed to the great success in the discovery and delineation of the SWEX SE "deeps" zone at Navan).

**Exhibit 4. Summary of key drill intercepts from the Stonepark Project, Ireland.**

| Hole                               | From (m) | Interval (m) | Zn+Pb (%) | Zn (%) | Pb (%) | Ag (g/t) | Gr x Th* (m%) |
|------------------------------------|----------|--------------|-----------|--------|--------|----------|---------------|
| <b>Stonepark North</b>             |          |              |           |        |        |          |               |
| TC-2638-045                        | 209.10   | 7.45         | 27.8      | 19.2   | 8.5    | 6.6      | 208           |
| TC-2638-026                        | 216.10   | 7.20         | 15.3      | 13.1   | 2.2    | 7.5      | 111           |
| TC-2638-053                        | 209.40   | 6.85         | 14.2      | 10.5   | 3.7    | 2.8      | 97            |
| <b>Stonepark West (Ballyneety)</b> |          |              |           |        |        |          |               |
| TC-2638-099                        | 244.10   | 11.16        | 6.1       | 4.6    | 1.5    | 2.5      | 69            |
| TC-2638-103                        | 264.15   | 3.85         | 6.9       | 5.4    | 1.6    | 2.5      | 27            |
| TC-2638-095                        | 248.80   | 2.00         | 12.1      | 11.6   | 0.5    | 2.5      | 24            |
| <b>Stonepark</b>                   |          |              |           |        |        |          |               |
| TC-2638-004                        | 372.75   | 7.35         | 9.6       | 7.6    | 1.9    | 2.5      | 71            |
| TC-2638-017                        | 326.30   | 2.15         | 19.1      | 13.6   | 5.6    | 2.5      | 41            |
| TC-2638-016                        | 354.20   | 3.30         | 4.4       | 4.3    | 0.1    | 2.5      | 15            |

Note: \* m% = ZnEq% multiplied by thickness. ZnEq% is calculated using Zn & Pb values of \$1.00/lb and \$15.00/oz Ag. All drillholes are vertical and as the mineralized body is more or less flat, interval width is taken as true thickness.

#### The Silvermines Project

The Silvermines Project is considered highly prospective for Irish Type zinc-lead deposits and has seen little to no exploration activity over the past 20 years. The property is located adjacent to the historic Silvermines Zinc Mine which produced approximately 10.8 million tonnes grading 7.4% zinc and 2.7% lead between 1968 and 1982 (Boland et al, 1992).

Exploration opportunities exist at the Cooleen prospect, located approximately 1km north-east of the Silvermines historic deposit. In the early 1990s, a number of encouraging holes were drilled at Cooleen (e.g. NX-11 intersected 7.3m grading 16.0% combined zinc and lead) before a reclamation dispute (now resolved) stalled subsequent drilling. The project should benefit from new insights and understanding of Irish Type zinc deposits and the application of modern exploration tools and techniques. Significant historic drilling intercepts from Silvermines include:

**Exhibit 5. Summary of key drill intercepts from the Silvermines Project, Ireland.**

| Hole  | From (m) | Interval (m) | Zn + Pb (%) | Zn (%) | Pb (%) | Gr x Th (m%) |
|-------|----------|--------------|-------------|--------|--------|--------------|
| NX-11 | 391.15   | 7.32         | 16.0        | 14.5   | 1.7    | 117          |
| incl  | 394.66   | 1.83         | 46.6        | 42.9   | 3.7    | 85           |
| NX-14 | 383.53   | 9.15         | 1.9         | 1.4    | 0.4    | 17           |
| and   | 409.14   | 2.14         | 10.7        | 10.1   | 0.5    | 23           |
| NX-8A | 363.41   | 12.50        | 0.9         | 0.8    | 0.2    | 11           |
| and   | 389.48   | 2.74         | 8.0         | 6.8    | 1.2    | 22           |
| incl  | 390.24   | 1.98         | 10.7        | 9.1    | 1.6    | 21           |
| incl  | 390.85   | 0.61         | 15.2        | 13.0   | 2.2    | 9            |
| NX-13 | 400.91   | 3.66         | 6.1         | 5.4    | 0.7    | 22           |

All drillholes are vertical or close to vertical and the mineralized body is believed to be more or less flat, therefore the interval width is taken as true thickness.

#### PROPOSED MULTI-PROPERTY EXPLORATION PROGRAM

Management has outlined a multi-asset, two phase exploration program to be conducted throughout 2018 and 2019 using the net proceeds of the Offering. Management expects to drill a total of 22,800 meters across 52 holes (based on the Company realizing gross proceeds of \$10 million from the Offering) at the Ballinalack, Stonepark and Silvermines Projects.

##### Ballinalack Project

Phase 1 will focus on confirmatory drilling of the Ballinalack Project's historical estimate, while Phase 2 will focus on testing the hangingwall Pale Bed target and exploring regional targets.

##### Stonepark Project

Phase 1 will focus on (i) confirmatory drilling at the Stonepark North, Stonepark and Ballyneety (Stonepark West) prospects (with a view to determine the full extent of seemingly horizontal mineralization, as well as, tracing this mineralization back to a controlling structure) and (ii) a regional tectono-stratigraphic analysis, based in part on seismic surveys; while Phase 2 should follow on from Phase 1 and focus on additional seismic work, expanding known mineralization and exploring regional targets.

##### Silvermines Project

Phase 1 will focus on drilling at Cooleen and regional tectono-stratigraphic analysis (in part based on seismic work), while Phase 2 should follow on from Phase 1 and focus on further drilling Cooleen and other key regional targets.

#### SUPPORTIVE STRATEGIC SHAREHOLDERS

MAG Silver Corp. ("MAG") is the largest shareholder of the Company and currently has an ownership interest of 15.6%. MAG acquired its ownership interest as a lead investor in previous financing rounds and has supported the executive management team to execute a strategy of acquiring mineral properties and assembling a significant zinc exploration in the commodity market downturn during a time of depressed commodity prices.

Teck Resources Limited is also a significant shareholder of the Company with a current ownership interest of 7.5%.

#### EXPOSURE TO ATTRACTIVE ZINC FUNDAMENTALS

Over the past five years, the London Metal Exchange ("LME") spot zinc price has ranged from a low of \$0.66/lb to a high of \$1.45/lb. This range is significantly below prices observed in 2006, which peaked at \$2.09/lb on November 24, 2006, suggesting that there is room for price appreciation should fundamentals improve further. As a base metal, zinc prices are much more driven by supply and demand fundamentals than trading speculation. Thus, the decline of global zinc inventories over the past few years, which effectively tightened supply, could be perceived as a contributing factor to the rally in zinc prices since the beginning of 2016. Historically, the price of zinc has moved inversely compared to inventory levels and has displayed significant increases when inventories reach critical levels, as witnessed in 2006 and 2007. The Company believes that current market fundamentals are similar to those observed in 2006 and thus expects a meaningful appreciation in the zinc price over the near- to medium-term.

#### TECHNICALLY FOCUSED MANAGEMENT AND BOARD

The Company is led by an executive management team and board that comprise experienced geologists, seasoned mining executives, capital markets professionals and individuals that have a track-record of creating shareholder value through exploration and development success. The members of the executive management team have extensive technical experience and thorough understanding of Irish Type zinc-lead projects.

The Company's directors, officers and senior management are aligned with investors as they own 19.8% of the common shares outstanding on a pre-Offering basis.

Bart Jaworski, Chief Executive Officer and Director

Mr. Jaworski has over 20 years' experience in the mining industry, commencing his career as an exploration geologist for over six years followed by 12 years as a mining equity analyst at Davy and Raymond James. During his time as an exploration geologist he was involved in properties located in Canada, Russia and Costa Rica and was associated with the early stages of the Coffee Creek gold discovery in the Yukon. Mr. Jaworski has a Bachelor of Science (Hons) degree in Geology from the University of British Columbia.

Daniel MacInnis, Chairman and Director

Mr. MacInnis is the retired President and Chief Executive Officer of MAG. During his tenure at MAG, he directed and led one of the mineral industry's most successful explorers through the discoveries of the high-grade Juanicipio/Valdecana silver veins and the discoveries of the Upper Manto and Pegaso silver, lead and zinc mantos at Cinco de Mayo, all in Mexico. He has managed and directed multi-million dollar exploration programs for MAG, Noranda Exploration (including Ireland), Battle Mountain Gold/Hemlo Gold and Sargold Resources. He is also a director of MAG and the present Chairman of the Board of Balmoral Resources Ltd. Mr. MacInnis is an accredited director and is a graduate of Saint Francis Xavier University with a B.Sc. in Geology.

John Barry, Vice President, Exploration Strategy

Mr. Barry has over 29 years' experience in the precious and base metal mining industry. From April 2007 to November 2013, he served as Chief Executive Officer of Rathdowney Resources Ltd., focused on developing a major zinc project in Poland. During that time, he also served as Exploration Director for Sovereign Mines of Africa, Independent Director of Orogen Gold Ltd., and Independent Director of Heatherdale Resources Ltd. Mr. Barry has a Masters in Science (Geology), Pennsylvania State University, and Masters in Business Administration from the Edinburgh School of Business, Heriot-Watt University, Scotland.

Alessandro Bitelli, Director

Mr. Bitelli has over 30 years of experience in the resource industry and in public accounting. A member of the senior management team at the Lundin Group of Companies, he currently holds the position of Executive Vice President and Chief Financial Officer of Lundin Gold Inc. Prior to that, he served as Chief Financial Officer for Red Back Mining Inc. (a gold mining company with two African operations that traded on the TSX until its \$9.2 billion takeover in 2010), and most recently, Orca Gold Inc. He is also a director of Filo Mining Corp.

Brendan Cahill, Director

Mr. Cahill has been President and Chief Executive Officer of Excellon Resources Inc. since 2012. Previously, he was Corporate Secretary and Vice President Corporate Development with the Pelangio group of companies, where he was involved in negotiating Pelangio Mines' merger with Detour Gold Corp. and Pelangio Exploration's acquisition of the Manfo Project in Ghana. Mr. Cahill began his career as an associate lawyer at Davies Ward Phillips & Vineberg LLP, where he provided advice on a number of public/private mergers and acquisitions and financing transactions valued at over \$15 billion.

David Furlong, Chief Operating Officer

Mr. Furlong has over 22 years of industry experience as a geologist. He served as a director of the Company since incorporation until October 2017 and was a founding Director of GERL since August 28, 2013. Mr. Furlong spent seven years (2007 to 2014) as General Manager, Projects for Rathdowney Resources Ltd. Mr. Furlong provides expertise in the design, implementation and management of mineral exploration programs. Mr. Furlong has a Bachelor of Science (Hons) in Exploration and Mining Geology from the University of Wales.

## TECHNICAL ADVISORY PANEL COMPRISED OF INDUSTRY LEADERS

Dr. Peter Megaw, Mr. Frank Hallam, Mr. John Prochnau and Mr. David Whitehead are members of a technical advisory panel established by the Company and provide the Company with strategic and technical advice from time to time on an ad-hoc basis. The panel members are not directors or officers of the Company.

### Dr. Peter Megaw

Dr. Peter Megaw, C.P.G., has a Ph.D. in geology from the University of Arizona and more than 27 years of relevant experience focussed on silver and gold exploration in Mexico. He is a certified Professional Geologist by the American Institute of Professional Geologists and an Arizona Registered geologist. Dr. Megaw has been instrumental in a number of mineral discoveries in Mexico including new ore bodies at existing mines, Excellon Resources' Platosa Mine, and MAG Silver's Juanicipio, Batopilas and Santa Eulalia Properties. Peter is the author of numerous scientific publications on ore deposits, and is a world renowned expert in carbonate replacement silver, lead-zinc deposits. He is currently the Chief Exploration Officer of MAG.

### John Prochnau

John Prochnau has extensive experience as a successful explorationist and public company executive. Mr. Prochnau is an inductee of the Casey Research "Explorers' League, Miners and Explorers Hall of Fame" (2005) and is associated with discoveries at Alligator Ridge (Nevada) and Esquel (Argentina). Mr. Prochnau has experience with Irish exploration through the founding and managing of Billiton's Irish operations in the early 1980s. Mr. Prochnau is currently a director of Carolina Gold Resources. Mr. Prochnau holds a B.Sc. Mining Engineering degree from University Washington, USA and an M.Sc. Geology degree from McGill University, Canada.

### Frank Hallam

Frank Hallam is a founder and a director of Platinum Group Metals Ltd. He has been involved in raising over \$1 billion for exploration, mining development and production and has taken part in negotiating and managing property transactions with Anglo Platinum Ltd., Barrick Gold Corporation, Johannesburg Consolidated Investments and Newmont Mining Corporation. Mr. Hallam was a co-founder and director of West Timmins Mining (purchased by Lake Shore Gold Corp. in 2009, where he now serves as a director). Mr. Hallam was a co-founder and former director until 2014 of MAG. Mr. Hallam also serves as Chief Financial Officer, Corporate Secretary and Director of West Kirkland Mining Inc.

### David Whitehead

David Whitehead is a mining geologist with over 40 years' experience of all aspects of mineral exploration, mine development and operations management. David retired in 2002 as Vice-President, Integration, Exploration and Innovation at BHP Billiton Group Plc, having been with the Billiton Group since 1976. Mr. Whitehead is currently a director of Tertiary Minerals plc, Consolidated Mines & Investments Ltd and Chairman of its subsidiary Consolidated Nickel Mines Ltd.

## CORPORATE STRUCTURE

### NAME AND INCORPORATION

The Company was incorporated under the laws of the Province of British Columbia under the *Business Corporations Act* (British Columbia) on November 25, 2016 under the name Group Eleven Resources Corp. The Company's registered office is located at Suite 2200 – 885 West Georgia Street, Vancouver, British Columbia, V6C 3E8. The Company's head office is located at 22 Northumberland Road, Ballsbridge, Dublin 4, Ireland. The Company is engaged in the exploration of mineral properties in Ireland. See "The Business of the Company".

### INTERCORPORATE RELATIONSHIPS

The Company has the following material subsidiaries, each of which is directly- or indirectly- wholly-owned:

- Group Eleven Resources Limited (“**GERL**”), incorporated under the laws of Ireland; and
- Group Eleven Mining and Exploration Limited (“**GEME**”), incorporated under the laws of Ireland.

The Company though GERL holds a controlling interest in the following subsidiaries, which operate the Ballinalack and Stonepark joint ventures respectively:

- Ballinalack Resources Limited (“**BRL**”), incorporated under the laws of Ireland (60% direct ownership); and
- TILZ Minerals Limited (“**TILZ**”), incorporated under the laws of Ireland (76.6% direct ownership).

## **THE BUSINESS OF THE COMPANY**

The principal business carried on and intended to be carried on by the Company is the exploration of mineral resources on the Company’s principal properties, being the Ballinalack and Stonepark Projects, in which the Company indirectly holds a controlling joint venture interest and which are in the advanced exploration stage. The Company also plans to undertake exploration activities on the Silvermines Project, which is wholly-owned by the Company and in the early to advanced exploration stage. The Ballinalack Project, the Stonepark Project and the Silvermines Project comprise the Company’s material mineral properties for the purposes of NI 43-101 (the “**Material Properties**”).

The Company intends to complete the recommendations set out in the Reports and continue exploration and development of the Material Properties. In due course the Company will make a determination, based on all relevant geological and economic considerations (including any pre-feasibility and feasibility studies obtained), on advancing the Material Properties to commercial production. The Company cannot at present estimate the costs or timing regarding such matters.

### **IRELAND**

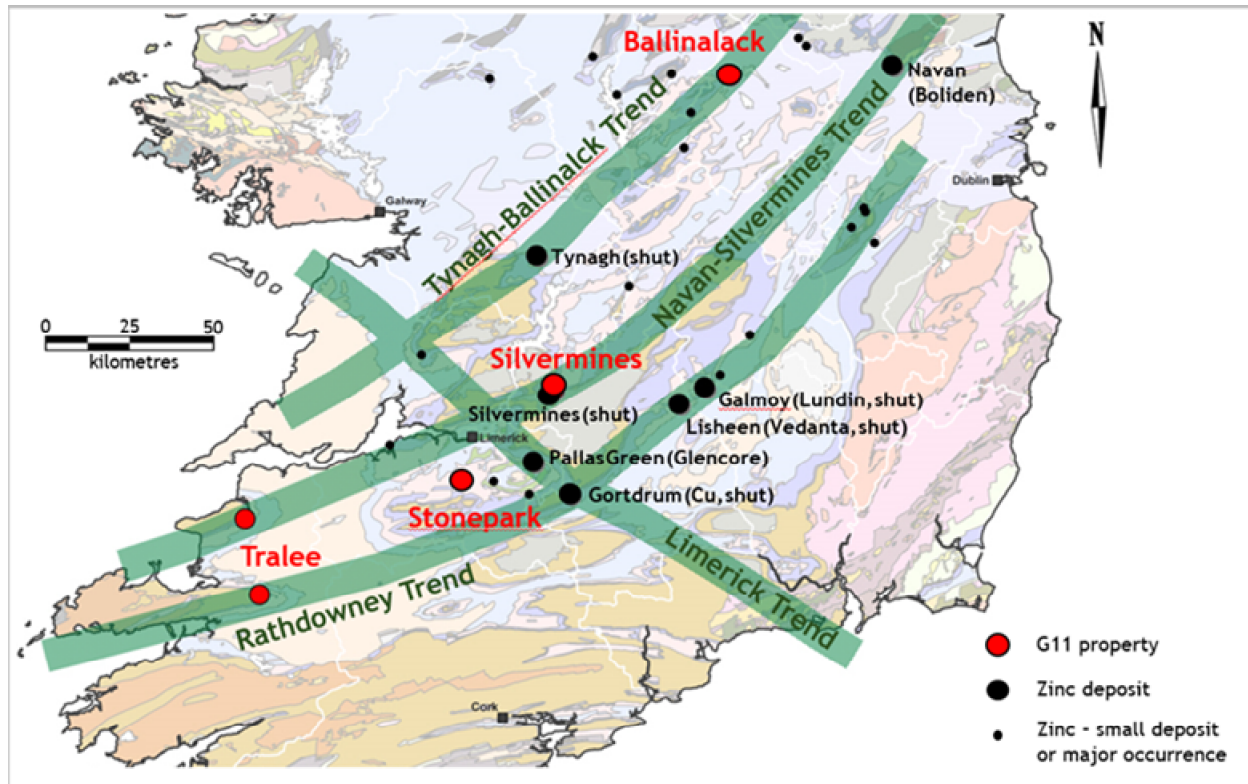
On May 1, 2017, Ireland’s Department of Communications, Climate Action & Environment published an information booklet which stated that after being the largest zinc producer in Europe for many years, Ireland dropped to third place in 2016 due to the recent closures of the Lisheen and Galmoy mines in December 2015 and October 2012, respectively. The publication stated that in 2016, the country produced 147.5kt of zinc metal in concentrate (all from Boliden’s Navan operation), representing 14.7% of European output. In its Annual Survey of Mining Companies, the Fraser Institute ranked Ireland first out of 104 jurisdictions in terms of Policy Perception Index, which measures each region’s policy climate. In terms of “Investment Attractiveness Index,” which combines Policy Perception Index with Best Practices Mineral Potential Index, the survey ranked Ireland ninth out of 104 jurisdictions.

### **HISTORY**

The Company commenced acquiring zinc focused prospecting licenses in 2014 in southern Ireland, during a period of depressed zinc prices and global scarcity of investment capital for exploration. Through 2015, 2016 and 2017, the Company successfully acquired PLs encompassing five different areas and established GERL as the largest ground position holder in Ireland (see Exhibit 6). During 2016, the Company spent \$185,585 on exploration activity, primarily consisting of drilling and analyzing historical data, as well as acquiring additional PLs at the Silvermines Project and the Company’s PG West property.



**Exhibit 6. Location Map showing the Company's Projects in Ireland.**



In 2017, the Company continued its exploration activity, spending \$444,029 on further drilling and data compilation. On June 30, 2017, the Company acquired a 60% interest in Ballinalack Resources Limited (“BRL”) from Teck Ireland Ltd. (“TIL”) for total consideration of \$3,650,000 including structuring costs, as well as, a net smelter returns royalty of 1.5%. This included the issuance of 3,333,333 common shares in the Company to TIL at a fair market value of \$0.30 per share. The Company can repurchase 0.5% of the net smelter return with a cash payment of \$2,000,000. On September 8, 2017, the Company acquired a 76.6% interest in TILZ Minerals Limited (“TILZ”) from TIL which owns and carries out exploration on the Stonepark Project, for consideration of \$2,150,000 cash, as well as, a 4.5% net smelter returns royalty with buy-back provisions of (a) 0.5% for \$2,000,000 at any time; (b) 1.0% for \$1,000,000 on completion of a preliminary economic assessment; (c) 1.0% for \$1,000,000 on completion of a preliminary feasibility study; and (d) 1.0% for \$3,000,000 on completion of a bankable economic assessment.

To fund its exploration and acquisition activities and to provide working capital, the Company relied on the sale of Shares from treasury. Since incorporation, the Company raised \$7,231,841 privately through the sale of its common shares (see “Prior Sales”). The Company intends to raise additional funding under the Offering to carry out additional exploration of the Material Properties, as well as, the Company’s other properties, as set out in the section entitled “Use of Proceeds”.

#### THE BALLINALACK PROJECT

The following represents information summarized from the Technical Report entitled “NI 43-101 Independent Report on a Base Metal Exploration Project at Ballinalack, County Westmeath, Ireland” with an effective date of November 20, 2017 and prepared for the Company by EuroGeol Dr. John G. Kelly, PGeo, MIMMM and EuroGeol Paul Gordon, PGeo, MSc of SLR Consulting (Ireland) Ltd. in accordance with National Instrument 43-101. A complete copy of the Report is available for review, in colour, on the System for Electronic Document Analysis and Retrieval (SEDAR) located at the following website: [www.sedar.com](http://www.sedar.com). Alternatively, the Report may be inspected during normal business hours at the Company’s registered office, 2200 - 885 West Georgia Street, Vancouver, British Columbia.



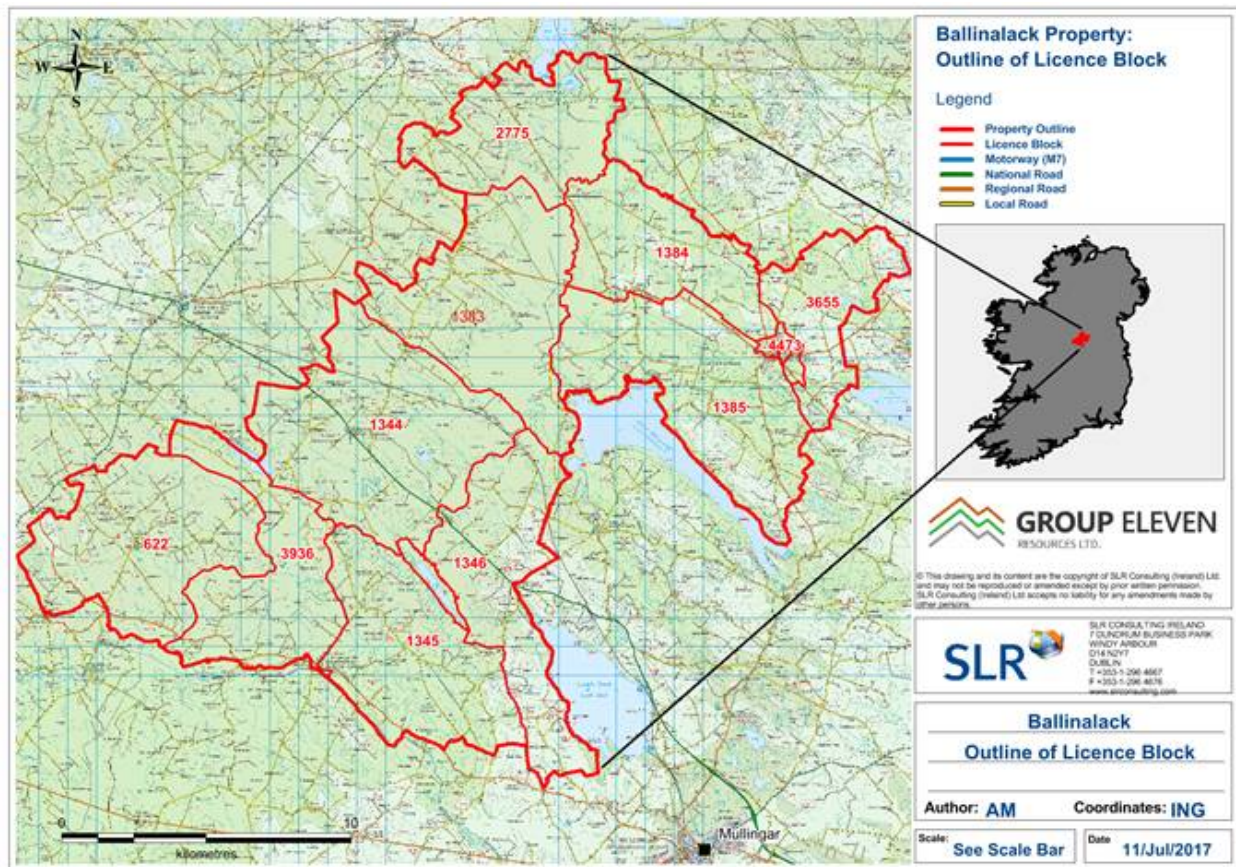
## Project Description, Location and Access

### *Location and Means of Access*

The Ballinalack Project is located in Counties Westmeath and Longford, north-east Ireland (see Exhibit 7). The centre of the Project (also the location of the historic Ballinalack estimate) lies just north of the small village of Ballinalack (population 137), 85 kilometres northwest of Dublin on the N4 national primary road, approximately 14.5 kilometres northwest of Mullingar (population 20,000) and some 23 kilometres southeast of Longford Town (population 41,000). The N4 divides the property into two almost equal portions. The Dublin-Sligo railway line also runs through the central part of the property. The regional R395 road runs through Castlepollard (population 1,107) and crosses the northern third of the property. The R393 road skirts the southern boundary of the property. There is a dense network of local roads on both sides of the N4, except for an area of about 50 square kilometres of boggy land, extending north of Ballinalack village and the historic prospect footprint.

The Ballinalack Project is made up of eleven (11) contiguous PLs which form a single strategic block of exploration ground covering an area of 312 square kilometres. The boundaries of the exploration licenses correspond to official, pre-defined, administrative boundaries as outlined by the Exploration and Mining Division (“EMD”) of the Department of Communications, Climate Action and Environment, Republic of Ireland. The license outlines are irregular, based on river and stream courses and townland boundaries.

### **Exhibit 7. Property location map of the Ballinalack Project, Ireland.**



### *Nature and Extent of Title*

The right to explore, and the associated access rights, are inherent in the terms of a valid prospecting license. In practice, surface rights are negotiated with individual landowners without the need to invoke the terms of a prospecting license. To date, the Company has not had any difficulty in gaining access for the purposes of either drilling or geophysical surveying, nor are difficulties anticipated. The Company does not anticipate that it will be necessary to invoke the terms of the PLs in order to gain access to land.

Mineral ownership in Ireland is, in most cases, vested in the State, although some landowners hold private mineral rights. Mineral exploration is carried out entirely by the private sector, using a permitting system governed by several Minerals Development Acts dating from 1940 to 1999. EMD acts as the agency responsible for the administration of regulatory aspects, including the issuing of prospecting licenses.

PLs are issued for a six-year period either on a first come, first served or competitive basis, subject to certain conditions. Under the regulations, a PL holder is committed to progressively increasing minimum exploration work programs and expenditures for each of the three two-year terms of the six-year period. There are also consideration fees to be paid for each property at each bi-annual reporting date increasing from €190 to a maximum of €1,500 for each PL.

The PL holder is required to provide written work reports every two years, one calendar month before the end of period. These work reports are held confidential for six years after submission or until expiry or surrender of the relevant prospecting license. PLs can be renewed beyond the initial six-year period, with increased minimum work and expenditure commitments. PLs can be relinquished at the end of any two-year period.

In the event of a commercial discovery, award of a mining lease is normally granted exclusively to the prospecting license holder, subject to the holder complying with certain terms and conditions. Land access for exploration and mining development is negotiated with landowners with payment of agreed compensation for access and land and mineral use where minerals are privately owned. The government of the Republic of Ireland takes no shareholding in mines, but will require a royalty to be paid. Mining lease terms are currently on a project-specific basis and generally on a phased schedule. Applicants for a mining lease are required to obtain planning permission and an integrated pollution control license.

Exhibit 8 below lists the PLs that comprise the Ballinalack Project and the current expenditure commitment for 2017 and up to February 2018.

**Exhibit 8. Summary of Licenses and Spending Requirements at the Ballinalack Project, Ireland.**

| <u>Area No.</u> | <u>County</u> | <u>Expenditure</u> |
|-----------------|---------------|--------------------|
| PL 1344         | Westmeath     | €37,500            |
| PL1345          | Westmeath     | €37,500            |
| PL 1346         | Westmeath     | €37,500            |
| PL 1384         | Westmeath     | €20,000            |
| PL 2775         | Longford      | €10,000            |
| PL 3655*        | Westmeath     | €20,000            |
| PL1383          | Westmeath     | €37,500            |
| PL1385          | Westmeath     | €37,500            |
| PL3936          | Westmeath     | €37,500            |
| PL622           | Longford      | €37,500            |
| Totals:         |               | €312,500           |

\* Includes PL 4473

The exploration rights to the PLs comprising the Ballinalack Project are wholly-owned by Ballinalack Resources Limited (“**BRL**”). The Company, through GERL, owns a 60% equity interest in BRL, with the remaining 40% interest owned by Zhongjin Lingnan Mining (hk) Company Limited (c/o Shenzhen Zhongjin Lingnan Nonfemet Company) (“**Nonfemet**”). The PLs allow BRL to prospect for base metals, barite, silver and gold within the limits of the license area, and are valid for a period of six years from the issue date. The current term of the PLs expire between November 30, 2017 and February 2, 2018. The Company intends to cause the PLs to be renewed in a timely manner.

*Existing Royalties or Other Encumbrances*

Teck Resources Limited has a 1.5% Net Smelter Return (“**NSR**”) royalty on 60% of any future production from the Ballinalack Project. The Company has the option to repurchase 0.5% of the NSR with a cash payment of \$2,000,000.

*Protected Areas Affecting the PLs*

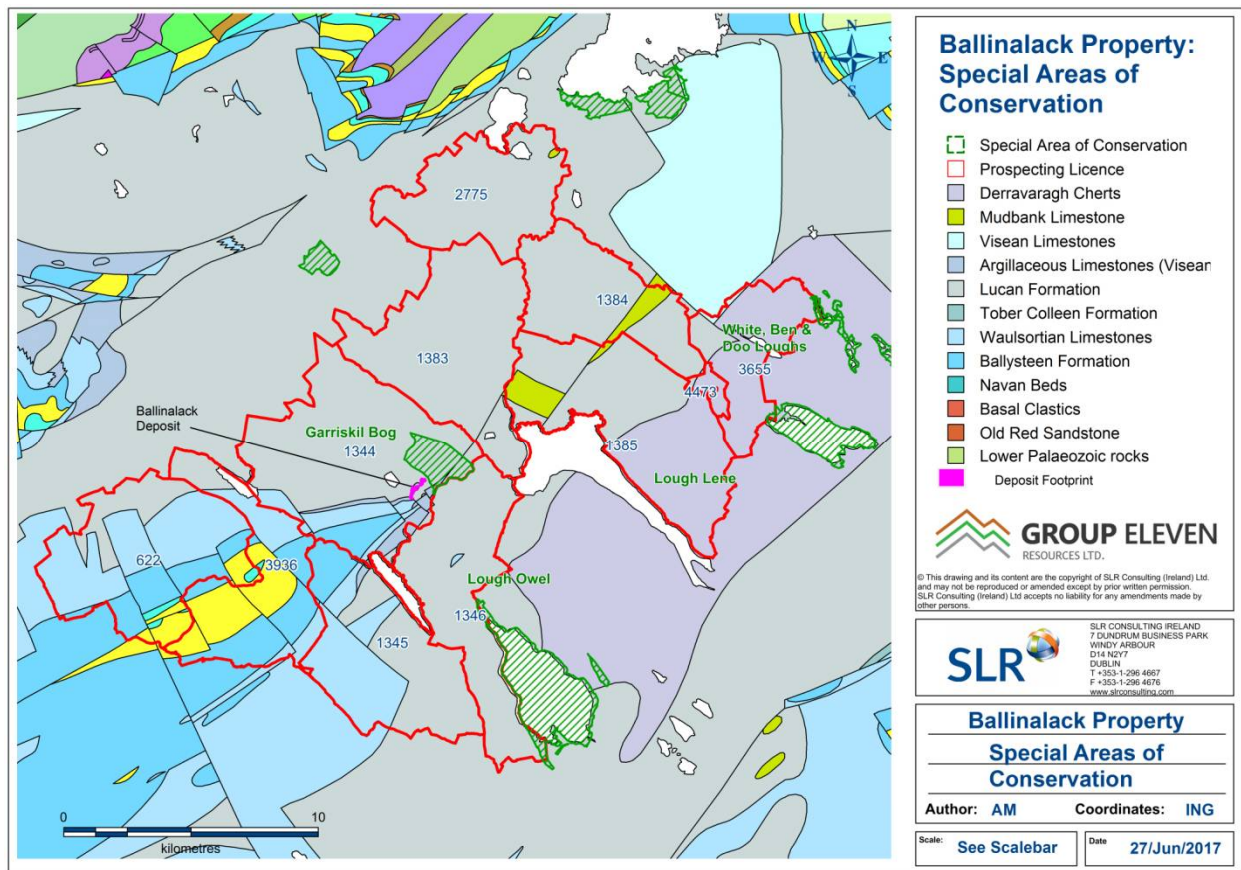
Protected sites within Ireland are designated by the National Parks and Wildlife Service and are categorized as Natural Heritage Areas (“**NHA**”), Special Areas of Conservation (“**SAC**”) and Special Protection Areas (“**SPA**”).

NHA is a fundamental designation for wildlife. These are areas considered important for particular species of plants and animals whose habitats need protection. Proposed (“pNHAs”) were published on a non-statutory basis in 1995 but have not yet been statutorily proposed or designated.

SACs are the prime wildlife conservation areas in Ireland. SPAs are protected areas for birds at their breeding, feeding, roosting and wintering areas. Particular protection is given to those species identified, which are rare, in danger of extinction or vulnerable to changes in habitat.

There is one SAC within the Ballinalack Project area and there are three SACs which border the Ballinalack Project (Exhibit 9). Garriskil Bog, located entirely within the Ballinalack Project area and less than a kilometre to the northeast of the Ballinalack prospect, is both an SAC and an SPA and is classified as an “active raised bog” and is therefore considered to be an important site. Significant mitigation measures would need to be in place to allow higher impact activities such as drilling, but the Company believes that it would be possible to carry out exploration on the bog.

**Exhibit 9. Geology and Special Areas of Conservation map for Ballinalack Project, Ireland.**



The southeastern edge of PL 1346 is defined by the western shore of Lough Owel, which is in its entirety a SAC. The lough is a hard water lake, with fringing fens and mires. The main threats to the conservation interests of the lake are water abstraction, overfishing, agricultural pollution and leisure. It is not thought that exploration activities would present a significant threat, and permission to carry out any exploration in the vicinity of the lake would not be withheld, providing EMD guidelines were adhered to.

The southeastern edge of PL 3655 is defined by the northern shore of Lough Lene, which is in its entirety a SAC. The lough is a naturally oligotrophic marl lake, and supports wintering waterfowl. The main threats to the conservation interests of the lake are infrastructure and transport, and the effects of agriculture. It is not thought that exploration activities would present a significant threat, and permission to carry out any exploration in the vicinity of the lake would not be withheld, providing EMD guidelines were adhered to.

The northeastern edge of PL 3655 is defined by the northwestern shore of White Lough, which is part of the larger White Lough, Ben Lough and Doo Lough SAC. The lough is a hard water lake, with fringing marshes, swamps and

grassland. The main threats to the conservation interests of the lake are agricultural activities and changes in hydrological regime. It is not thought that exploration activities would present a significant threat, and permission to carry out any exploration in the vicinity of the lake would not be withheld, providing EMD guidelines were adhered to.

#### *Factors Affecting Access or Title*

The Company is not aware of any significant factors, risks or issues that may affect access, title, or the right or ability to perform work on the Ballinalack Project. There are no permits on the PLs nor is any required for the recommended work programme. The Company is not aware of any environmental liabilities related to the Ballinalack Project. The Company does not consider the Garriskil Bog (an SAC and an SPA, see above under “-Protected Areas Affecting the PLs”) to present an impediment to performing work on the PLs, provided all necessary mitigation measures are undertaken.

#### History

##### *Discovery of Deposit and Initial Exploration*

The Ballinalack prospect was discovered during an exploration programme led by Ron Holman, of Syngenore Exploration Limited (“**Syngenore**”) in 1970. Syngenore undertook a stream-sediment sampling programme which extended south-eastward from Strokestown in County Roscommon. This regional survey by Syngenore was very much concentrated in the northern part of the Irish Carboniferous basin. Early in the programme a discontinuous, broadly linear zinc anomaly was detected trending east of Strokestown from Dromod through Longford and Edgeworthstown to Mullingar.

Five anomalous soil samples were identified, clustered in an area between Rathowen in the NW and Bunbrosna in the SE. The Geological Survey of Ireland map showed the area to be largely covered by glacial drift varying in thickness between 3 and 20 metres deep with an isolated outcrop mapped at Ballinalack Bridge midway along the “zinc trend”. Prospecting and mapping focused on an area centred on this key outcrop. The only indication of mineralisation was the presence of limestone boulders containing pyrite which were excavated from drainage ditches.

Prospecting identified blebs of pyrite and some minute specks and threads of yellow sphalerite, in scattered Waulsortian “reef” boulders. At Ballinalack, 12 pits were dug over a distance of 213 metres (700 feet) across a northern “zinc high” and 13 pits along 244 metres (9,800 feet) over a southern “zinc high”. Higher zinc values were detected in shallow overburden decreasing with depth. Several reef fragments gave zinc and lead values of several percent in samples taken from under this southern area. The distance between the centres of the northern and southern zinc highs was about 600 metres. Drilling indicated an inlier of Waulsortian Reef limestone surrounded by the basinal-facies limestone known as Calp.

An IP/Resistivity survey was conducted, over an area approximately 900m by 1200m. Resistivity plots showed nothing much to note except that resistivity increased toward the centre of the survey area by a factor of two and this broadly correlated with the reef limestone subcrop. Chargeability indicated a NE-SW linear high, which narrowed to a well-defined tongue, interpreted as an indication of possible sulphide mineralization.

This southern area was drilled first, with four holes completed for a total of 790 metres. Drilling confirmed low-grade sphalerite and pyrite mineralization in bedrock. Sandy basal beds intersected in drill-holes 2 and 4 were the first evidence of the presence of an inlier under glacial cover. The target was downgraded because of the consistent low-grade mineralisation. Five additional drill-holes which were drilled further east only confirmed this view. A single drill-hole (No. 5) was drilled into a chargeability high under the bog about 1.5 kilometres north of drill-hole No. 3. The chargeability was attributed to widely disseminated pyrite in a dark-grey to black Calp limestone with sub-horizontal bedding.

Focus then shifted to the northern zinc high. The first hole drilled on this target (drill-hole No. 6) intersected significant mineralization from 16.7 metres down to 32 metres averaging 5% Zn and 1% Pb in the Waulsortian limestones beneath barren Calp limestone cover.

Since the initial discovery 47 years ago and current definition drilling, there have been seven exploration groups who have undertaken exploration on the project (to a greater or much lesser degree), sometimes within joint venture structures.



### *Subsequent Exploration Groups (pre-2005)*

Up to 1981, a total of only 110 drill holes had been drilled, at which time Noranda Exploration Ireland Limited (“**Noranda**”) was still drill-testing as the operator. Subsequently, Oliver Resources plc (“**Oliver Resources**”), became the operator of the property and acquired Noranda’s interest to become sole owner of the prospect. In 1991, the Robertson Group plc (“**Robertson**”) undertook a study on the Ballinalack prospect. By the time the Robertson report was completed in 1991, some ten years later, the total for drilling had still only reached 126 diamond drill holes in the Ballinalack Property and surrounding areas, all of which were used in the report. Highlights of the Robertson report were a historical estimate characterised as an indicated mineral resource of 7.71 million tonnes averaging 6.33% Zn and 0.95% Pb (7.28% Zn+Pb), at a cut-off grade of 4.0% Zn (i.e. cut-off excluded Pb), extending over an area of 1600m by 650m (from surface to a maximum depth of 260m, dipping 15 degrees to the north and with a maximum thickness of 100m).

The various categories of resources and reserves in the historical estimate in the Robertson report were classified using the definitions of the then Institute of Mining and Metallurgy which are not the same as the definitions now used by the Canadian Institute of Mining, Metallurgy and Petroleum. Significant data compilation, re-drilling, re-sampling and data verification may be required by a Qualified Person before the historical estimate can be classified as a current resource. A Qualified Person has not yet undertaken sufficient work to classify the historical estimate as a current resource and the Company is not treating the historical estimate as a current resource.

In the early-mid 1990s, a number of cored and percussive drillholes were completed by Oliver Resources, of particular note was a mineralised intersection in Pale Beds (3.2m @ 7.21% Zn and 0.64% Pb in drillhole 92-BL-1) on the footwall of the Ballinalack Fault and distal to (0.75km SE) the prospect. In addition, in the Ballycorkey area (located 4km SW of the prospect), Oliver Resources intersected zinc mineralisation in the Middle Pale Beds and Birds Eye Micrite (drillhole 93-BB-1). Additional drilling in this area by Navan Resources intersected Pale Beds mineralisation and extensively dolomitised Pale Beds.

In 1995, Oliver Resources was purchased by Celtic Resources Holdings Plc, which then proceeded to enter into an option agreement with MIM and Navan Resources. Later that year, MIM/Navan drilled two fences of four drillholes (95-1344-01 to 04, 95-1345-01 to 03 and 95-1346-01) collaring mostly in the sub-Waulsortian to the southwest of the prospect and primarily targeting Navan Beds mineralization. This drilling intersected low-grade mineralisation in the Upper Pale Beds (Pale Beds Sandstone) in a number of holes and intersected some extensive dolomitization in the Middle Pale Beds. However, overall results were not deemed sufficiently encouraging to continue the option (Earls & Kelly, 1999). Navan Resources also dropped its option, shortly thereafter, citing financial reasons.

In February 1998, Ivernica West announced an agreement with Celtic Resources to acquire Oliver Resources and the Ballinalack prospect.

The Pale (Navan) Beds is the host of the world-class Navan (Tara) deposit some 50 kilometres east of Ballinalack. Drilling at Ballinalack by Celtic Resources and subsequently Ivernica West was directed to testing both base of Waulsortian, as well as, Navan (Pale) Beds targets, in areas which had not been previously targeted or adequately tested. While existing data relating to the known mineral occurrence were compiled and reviewed, this work was directed more towards understanding the controls on mineralisation and structure in the prospect area with little attention directed to further assessment of the known occurrence.

Available regional gravity data reflected the northwest margin of the Slieve Aughty – Ballinalack block which may mask the surface projection of the Ballinalack Fault. Of interest was the presence of strike parallel gravity features to the northwest and southeast suggesting that these may be more fundamental basin or sub-basin controlling structures, and as such, may be more prospective (Earls & Kelly, 1999).

In October 1999, Ivernica tested three Navan Beds targets (at Carrick, Johnstown and Glebe) with a total of 1,526 metres of drilling. One hole from a previous drilling campaign at Carrick (Celtic Resources’ 97-1346-02) was deepened to test the Navan Beds and intersected fine grained disseminated sphalerite and pyrite with minor galena within carbonate-rich horizons in the Upper Pale Beds. Larger crystals of sphalerite are present at 540.2m (in water escape structures in siltstones in the Middle Pale Beds) and a 2cm band of sphalerite and galena present in the Bird’s Eye Micrite (within the Lower Pale Beds). Drillholes 99-1344-06, 99-1346-03 and 99-1346-04, however, did not intersect any zinc-lead mineralisation in the Pale Beds.

Subsequent drilling by Ivernica tested the base of Waulsortian limestones and the Navan Beds along a magnetic linear (identified from Helimagnetics) trending west-southwest from the Ballinalack prospect and interpreted as a possible extension of the Ballinalack Fault (or an associated structure). An initial drillhole (99-1344-06) was collared with the intention of intersecting the base of Waulsortian on the hangingwall of the interpreted structure and

the Navan Beds in the immediate footwall of the structure (given significant Navan Beds mineralisation is present in the immediate footwall of the Ballinalack Fault). The drillhole successfully intersected the base of Waulsortian, the interpreted fault and the Navan Beds in the immediate footwall of the fault. The Waulsortian was significantly dolomitised with minor sphalerite, minor galena and common pyrite. The Navan Beds were extensively dolomitised.

Following the confirmation of the presence of the fault and the presence of dolomitisation and weak mineralisation in the Waulsortian and Navan Beds, a series of drillholes were completed along the identified strike length of the structure. All drillholes successfully intersected base of Waulsortian, the fault and the Navan Beds in the fault footwall.

At that time, Ivernia were heavily committed to the development of the Lisheen Mine in Co. Tipperary and no funds were available for further work at Ballinalack. Ivernia surrendered the licences in 2002.

*Exploration Activities by Teck Ireland Ltd. (2005 – Present)*

In 2005, the EMD compiled all the Ballinalack Project documentation and data into a GIS database for distribution to interested parties and offered the Project to companies which might have been interested under a competitive process. Teck Ireland Ltd. (“**TIL**”, a subsidiary of Teck Resources Limited) was successful in acquiring the project as part of a larger regional prospecting licence acquisition.

TIL recovered 16,000 metres of historical drill-core from storage and re-logged and sampled a number of historic drill-holes. This work led to a major reinterpretation of the regional geology (including the stratigraphy) based on re-logging historical drill core and reviewing old drill logs.

Between 2006 and 2008, TIL carried out extensive orientation work over the prospect with the intention of identifying target zones outboard of the known occurrence. This work involved digitally capturing a large volume of historic data which included shallow soil geochemical data, VLF and gradient array IP and gravity surveys. A multi-element lithogeochemistry study of short-hole diamond core was completed. In terms of geophysics, an emphasis was placed on UTEM. Later, a regional atomic dielectric resonance (“**ADROK**”) subsurface survey was conducted on the property. A short seismic line over the prospect was undertaken for TIL in 2010.

*Drilling Activities by Teck Ireland Ltd.*

TIL conducted a small, preliminary diamond drilling programme in 2008 (totalling 2,700 metres). The drillholes were approximately 2.5 kilometres north and northwest of the historic deposit. A key outcome of this programme was the realisation that in this area, the Calp was much thinner than previously thought and consequently the underlying Waulsortian Limestone was shallower than previously expected. Extensive pyrite-dominated mineralization encountered in the limestone was similar in style to the mineralization in the heart of the historic deposit. A new fault was identified, similar in trend to the Ballinalack Fault. Most significantly, the deeper horizon of the Pale Beds below the targeted base of Waulsortian Limestone was tested, five km south of Ballinalack. The drill-hole intersected 7.6m averaging 0.4% Zn, from 239.4 metres, including 2.8 metres averaging 1.2% Zn.

In 2009, no drilling was undertaken. On November 12, 2009, China-based base metal mining and processing entity Nonfemet paid US\$6.0 million to acquire a 40% equity interest in Ballinalack Resources Limited.

In 2010, TIL conducted 17,857m of diamond drilling, largely to test the base of Waulsortian Reef Limestone and to a lesser extent, the Pale Beds. A summary of TIL’s drilling program in 2010 is shown in Exhibit 10.

**Exhibit 10. Diamond drilling in 2010 (by TIL) at the Ballinalack project, Ireland.**

| <u>PL</u> | <u>Prospect / Area</u> | <u>Metres Drilled</u> |
|-----------|------------------------|-----------------------|
| 1344      | Ballinalack prospect   | 8,798                 |
| 622       | Ballynacarrigy         | 3,954                 |
| 3936      | Ballynacarrigy         | 2,159                 |
| 1345      | Ballinalack/Sonna      | 562                   |
| 1346      | East of Ballinalack    | 2,384                 |
| TOTAL     |                        | 17,857                |

No significant mineralization was intersected. A NE-SW normal fault was intersected in drillhole TC1346-003 with an interpreted throw of 350 metres and alteration intensity indicating significant hydrothermal flow.

TIL's drilling was overwhelmingly focused on the larger regional potential for a big-company-scale zinc deposit at the base of the Waulsortian. Consequently, TIL drilled only two confirmation drill-holes in the heart of the Ballinalack prospect during its tenure, both designed to twin a thick high-grade intersection cut by Noranda (drill-hole B59, which intersected 45.6 metres averaging 13.6% Zn and 2.4% Pb).

Other work during 2010 involved 60 line km of gradient array IP, conducted SW of the Ballinalack prospect, as well as, seismic reflection lines and ground gravity surveys. TIL also completed some shallow soil sampling.

A technical review of the project concluded that the Ballinalack Fault sits in a right-stepping relay ramp setting and is more complex and fragmented than previously interpreted. Importantly, it was considered highly likely that there is another right-step of the Ballinalack Fault to the north and east of the prospect. The Ballynacarrigy Fault system was also considered more complex than previously interpreted.

In 2011, TIL reduced the quantum of drilling substantially, to a total of 5,658m. The focus of the 2011 drill programme shifted NE of Ballinalack and the Ballynacarrigy prospect, about five kilometres from the resource area. Several drill holes were deep enough to penetrate the Pale Beds and cut traces of sphalerite.

In the first half of 2011, the focus was on geophysical and technical studies. TIL commissioned a FTG airborne gravity survey, completed seismic surveys and continued with ground gravity and bog sampling. Other initiatives in 2011 included: lithogeochemical studies of the Tober Colleen formation; a stratigraphic study of the Pale Beds; mapping of dolomite distribution; downhole surveying, incorporating gamma, sonic and density; and both structural model and resource model updates. Exhibit 11 summarizes TIL's drill program in 2011.

**Exhibit 11. Diamond drilling in 2011 (by TIL) at the Ballinalack Project, Ireland.**

| <u>PL</u> | <u>Prospect / Area</u> | <u>Metres Drilled</u> |
|-----------|------------------------|-----------------------|
| 1385      | n/a                    | 1,084                 |
| 1383      | n/a                    | 2,910                 |
| 3936      | n/a                    | 460                   |
| 1344      | n/a                    | 723                   |
| 1346      | n/a                    | 481                   |
| TOTAL     |                        | 5,658                 |

In 2012, TIL drilled 3,131m around on PL 1383, PL 1384 and PL 1385. Two holes, TC-1385-004 and TC-1384-001, were designed to test Pale Beds targets 10 kilometres and 9 kilometres northeast of the Ballinalack prospect. The former drillhole was abandoned after only 100 metres and the second did not intersect any significant mineralisation. TC-1385-005 was another attempt at the TC-1385-004 target (mentioned above) and intersected trace sphalerite and barite in Bird's Eye Micrite at a depth of 840 metres. TC-1385-003 tested a gravity anomaly and interesting structural setting interpreted from a seismic survey. The drillhole was sited near Lough Derravaragh and intersected weak mineralisation in the Bird's Eye Micrite in the lower Pale Beds.

Also in 2012, a structural and seismic review was conducted and two new targets at Abbeylara and Coole were identified.

In 2013, drilling was not conducted, however, desk-work included interpretation of the Ballinalack structural model, a project technical review, a study of intrusives at Ballinalack, roadside gravity extending over three PLs and some ADROK virtual drilling.

There has been no drilling on the Ballinalack Project since 2013 or since the Company acquired its ownership interest in the Ballinalack Project in June 2017. In all, there has been 93,350 metres of diamond drilling on the Ballinalack Project, of which TIL has drilled 29,400 metres.

**Geological Setting and Mineralization**

*Geological Setting*

During the Tournaisian and Viséan, Ireland lay in Tropical latitudes. Through the late Palaeozoic, sliver terranes splintering away from the northern margin of Gondwana drifted north and docked with Laurentian, Avalonian and Baltic plates (specifically, during the Variscan orogeny), closing the Rheis ocean and opening the Palaeotethys ocean, before forming the supercontinent of Pangea. Ireland lay on the outer part of the orogenic belt in a back arc setting north of the Ligerian arc, which runs through southern Brittany.

A marine transgression during the Tournaisian and Viséan inundated the land so that by the Serpukhovian (latest Mississippian), most of the island was submerged beneath the sea. By the Viséan, Ireland had become the location of a shallow water carbonate shelf, which enclosed localised deeper water basins. North of the South Munster Basin, mixed terrigenous and carbonate sediments accumulated along the margins of the shrunken remnant of the Old Red Sandstone continent. The sub-Waulsortian sequences in this region north of the South Munster Basin have been subdivided into the Limerick Province, North Midlands Province and sub Dunmore Province, extending into the Northern Province and the Kildare Province.

The Ballinalack Project is in the North Midland Province which extends westward from the Kildare province to an arbitrary boundary with the Dunmore Province. Its northern boundary is the Longford-Down Inlier, except in the east where it is drawn to include the Kingscourt outlier).

### Regional Geology

The Ballinalack Project lies in the north-central part of the “Irish Midlands Ore Field” which extends across central Ireland and which constitutes one of world’s major districts for zinc and lead mineralization.

Stratigraphically, the Ballinalack Project lies within “The North Midlands Province” of Philcox (1984). Red Beds are thin or absent except in the south. Widely varying basal successions are overlain by the Micrite Unit and younger Pale Beds followed by the Upper Sandstone and Shaley Pale Beds. Younger beds of Argillaceous Bioclastic Limestone are not diagnostic. Essentially, the province consists of Lower Carboniferous rocks, dominated by a transgressive sequence of Lower Carboniferous (Mississippian) platform carbonates, lying above a rapidly attenuating wedge of Upper Devonian red beds.

Within the Lower Carboniferous carbonate sequence, two stratigraphic intervals host the bulk of known zinc-lead deposits: the Navan Group in the northern part of the Irish Midlands and the Waulsortian Limestone in central and southern Ireland.

The Irish Midlands lying south of the Lower Palaeozoic Longford-Down Massif is transected by numerous regional fault zones which predominantly strike east-northeast. This anastomosing trend of regional faults parallel several inliers of Lower Palaeozoic sediments and follow a pre-existing Caledonide NNW to NE grain. Along some minor segments of these fault zones, the particular fractured-rock connectivity created ideal plumbing systems for ascending hydrothermal mineralizing fluids. This Caledonide trend, manifested by the long axes of inliers, shows up clearly as elongated anomalies on Bouger gravity maps of the region.

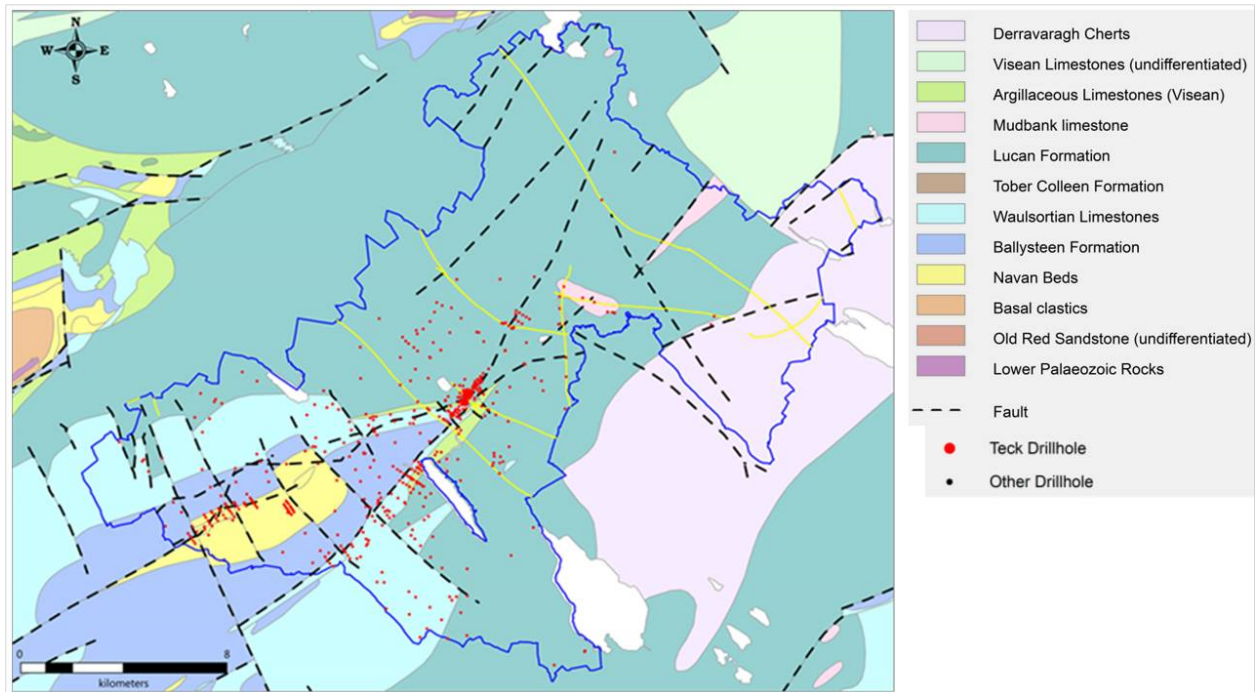
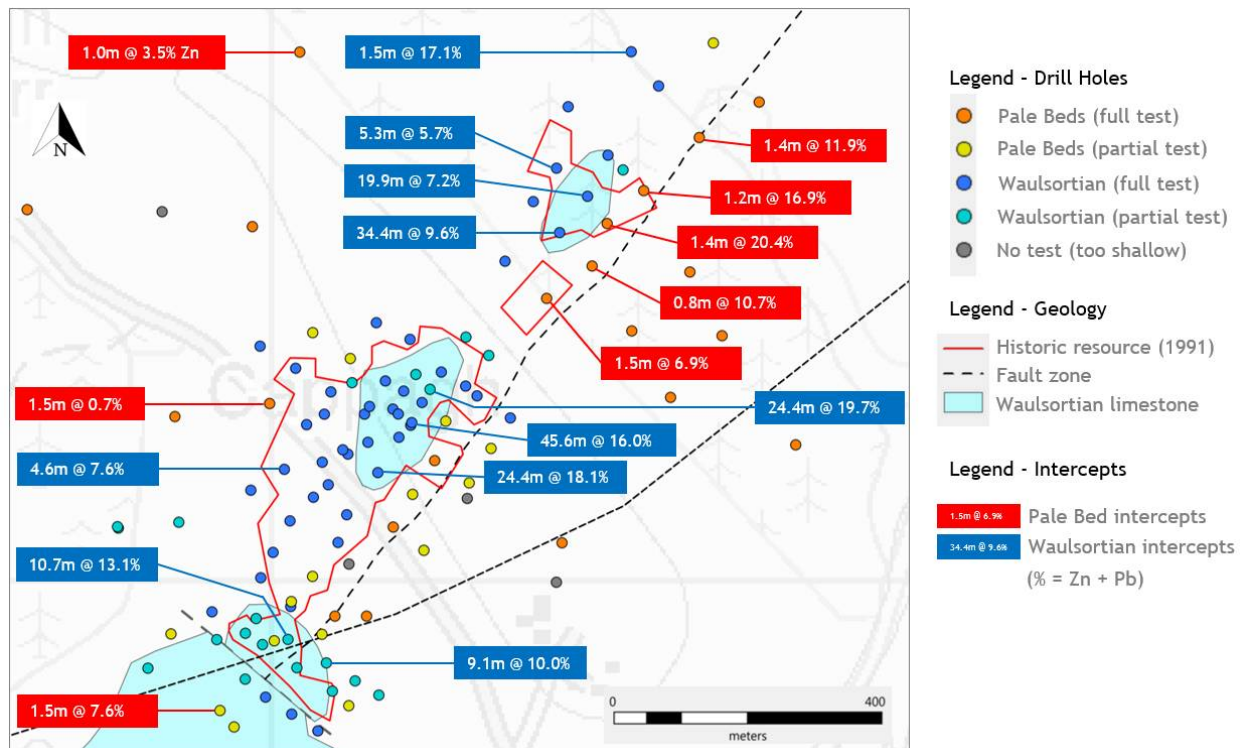
The Ballinalack Project lies adjacent to the flank of a major Caledonide structure along which Tynagh is located to the southwest. The local basement underneath the Midlands region consists of Lower-Middle Ordovician volcanic and sedimentary rocks, with a thin veneer of Silurian and Devonian sediments (which form a series of narrow, elongated fault-controlled blocks and basins during middle-late to late Courcayan). Ballinalack lies towards the northeastern termination of one such horst which extends southwards for several tens of kilometres.

Many of the deposits also show local scale north-south or northwest trending faulting that appears to play a role in “bleeding” hydrothermal fluids away from the main east-northeast feeders. Several distinct linear mineralization trends such as the Tynagh-Ballinalack Trend, Rathdowney Trend, and the Navan-Silvermines Trend follow this Caledonide grain.

### Local and Project Geology

The historic Ballinalack prospect (see Exhibits 12 and 13) is hosted in the Lower Carboniferous carbonate sequence of the Irish midlands, and is in the hanging wall of a normal fault, downthrown to the northwest. The historic prospect lies along the eponymous Ballinalack Fault which is at the northern end of the Tynagh – Ballinalack Trend. The trend coincides with a regional gravity lineament which undoubtedly represents a major basement controlling structure and most probably a major conduit for mineralizing fluids.



**Exhibit 12. Property Geology, Seismic Surveys and Historic Drilling at the Ballinalack Project, Ireland.****Exhibit 13. Plan view of the historical estimate and key intercepts at the Ballinalack Project, Ireland.**

The Ballinalack Fault has a northeastern strike, with a down-throw to the northwest. The Waulsortian Reef mudbanks thicken significantly across the fault to form an alignment of knolls parallel to, and in the hanging wall of, the fault. There is a second major fault which trends northwest and which truncates high-grade mineralization at its

northern downthrown side, from weaker mineralization to the south. Whether this fault post-dates mineralisation and may have a strike slip component which offsets the prospective corridor remains to be determined.

The bulk of the base-metal mineralization which forms the deposit is concentrated in a series of pods within knolls of Waulsortian Reef (Mudbank) Limestones aligned parallel to the Ballinalack Fault. Although only tested with a few peripheral holes, there is also known to be weaker mineralization deeper in the stratigraphy, within the Pale Beds. For reference, Pale Beds host the giant Navan zinc-lead deposit, located 50km to the east. The Company considers the Pale Beds directly underneath the Waulsortian-hosted deposit, to be significantly under-explored (i.e. most drillholes targeted only Waulsortian limestones).

TIL put significant effort into re-interpretive work on the Ballinalack Structural Model in 2012 to comprehensively review previous structural models for the Ballinalack exploration area and identify zones of structural complexity.

TIL proposed that the Ballinalack prospect occurs at the apex of a structurally controlled paleotopographic high, generated by the convergence of two important fault systems. The two faults intersect in a “step-over” zone. This “Ballinalack high” was a zone of increased fracture density and enhanced porosity for upwelling mineralising fluids. Other cross-cutting fault zones in the area are thought to be prospective for this reason (see Exhibit 13). The Ballynacarrigy Fault Zone strikes north-eastward to the Ballinalack prospect and extends to the northeast intersecting seismic lines IM-11-11 and IM-11-10 at oblique angles. Also a second fault system trends NNE along the eastern margin of the Ballynacarrigy Inlier. This fault was inferred by interpretation of drill cross sections. The hanging wall is downthrown to the east and the maximum throw is 200 metres. The interpretation is that this fault propagates NNE to the Ballinalack prospect where displacement is transferred to a linked structure. The transfer results in a change in downthrow direction or “reversed polarity”.

At the Ballinalack Project, an east dipping structure bounding the inlier gradually transfers to a west dipping structure before continuing northwards to Ruth Hall and Coole. It had been long recognised that the Ballinalack prospect lies near the termination zone of a major NE-trending structure. In addition to the controlling Ballinalack Fault, there is also a set of cross-faults, orthogonal to the Ballinalack Fault and with a vertical to sub-vertical dip. Faults of this nature are common in the Irish midlands and usually have a vertical displacement of a few tens of metres. The horizontal displacement of the faults is harder to determine, but is not thought to be significant. The steeply-dipping fault to the northwest of the Ballinalack Fault, is believed one such fault.

#### Mineralization

The known mineralization at Ballinalack lies in the hanging wall of the controlling fault, as is expected in the Irish Zn-Pb orefield. The Pale Beds on the hanging wall are largely untested and a significant target exists in that structural and stratigraphic setting.

Pale Beds mineralization is known in the Ballinalack area, at several different stratigraphic levels within the Pale Beds. It is best developed in the Bird’s Eye Micrite and Upper (Calcareous) Sandstone. The best mineralised intersections in the Pale Beds are in the footwall of the Ballinalack Fault; importantly, the Pale Beds of the immediate hanging wall have not been tested. TIL intersected low-grade sphalerite-dominated mineralisation in the Pale Beds Bird’s Eye Micrite – 7.6m averaging 0.4% Zn including 2.8 metres averaging 1.2% Zn (Teck, 2008) a meaningful distance away from the Ballinalack Fault.

The Robertson report summarizes the historical estimate of mineralization at Ballinalack as follows:

- The resource extends over an area of 1600m by 650m, interpreted to sub-crop (near-surface) on the southern end and dip to the north at 15 degrees reaching a maximum depth of 260m;
- Maximum thickness of the resource is estimated at 100m, located in the deepest, northern-most part of the resource;
- Grade generally increases with depth, ranging from 5.1% Zn and 0.5% Pb in the upper horizons, to 11.2% Zn and 2.3% Pb in the lowest horizons;
- Mineralization is mildly affected by folding and faulting;
- Hosted in sulphide mineralization which appears to be related to low temperature hydrothermal processes and which infills stromatactis cavities and has undergone subsequent brecciation;
- It is argued that mineralising processes were related in time to a regional igneous vent, evidenced by tuff bands overlying the mudbank sediments;
- Mineralogy consists of a conventional mixed sulphide assemblage containing pyrite and sphalerite with minor galena and other sulphide minerals;

- Metallurgical testwork indicated that the mineralization would respond well to a conventional froth flotation separation treatment and was also amenable to pre-concentration by dense medium separation.

Significant data compilation, re-drilling, re-sampling and data verification may be required by a Qualified Person before the historical estimate can be classified as a current resource. A Qualified Person has not yet undertaken sufficient work to classify the historical estimate as a current resource and the Company is not treating the historical estimate as a current resource.

Mineralization extends over a distance of at least 1.5 kilometres on a north-easterly trend and trace mineralisation is observed up to 600 metres north-westerly from the Ballinalack Fault. Mineralisation extends through the full thickness of the Waulsortian, but distribution of potentially economic grade mineralisation is limited. The mineralisation occurs as a series of quite narrow, elongate pods each associated with Knolls 1 to 3. Knoll 4, the most southerly, contains only weak mineralisation.

The highest-grade mineralisation is found between the 50-metre and 120-metre Waulsortian Reef isopachs and no more than 100 metres from the Ballinalack Fault. Interestingly, mineralisation neither extends into the fault zone, nor does it terminate against it. In plan-view, typical mineralised footprints are no more than 200 metres along strike and 100 metres across. Importantly, weaker mineralisation wanes out into thicker parts of the Waulsortian and is more widespread at higher levels.

In Knoll 1, furthest to the north, the mineralisation concentrates in the upper half of the Reef; in Knoll 2 it occurs at the base. In Knoll 3 the preferred level for the mineralisation is not clear and may be related to the intersection of the Ballinalack and Cappagh Faults and also because for some unexplained reason the full thickness of the mudbank has not been drilled in critical areas (Jones and Brand, 1986, p 362). However, high-grade intercepts in Knoll 3 suggest it may be similar to Knoll 1.

In Knoll 4, the best grades are found near the base of Waulsortian (Jones and Brand, 1986). Mineralisation concentrates just above impermeable lithological barriers, such as inter-bank shales at the base of a given section. The intensity and complexity of the mineralisation decreases vertically upwards and away from the Ballinalack Fault.

The mineralogy of the Ballinalack prospect is broadly typical of Irish Type deposits. The following is a synopsis from the Robertson report (1991).

Robertson examined a total of 34 mineralized samples and the sulphide percentage content, relative abundance of sulphide minerals and texture were presented in Table 8.1 of the report. Sulphide mineralisation occurs with a partially recrystallized biomicrite country rock, occasionally with stromatolite cavities. Relative sulphide abundance from greater to lesser is generally as follows: Pyrite > Sphalerite >> Galena >> Marcasite + Melnikovite >> Chalcopyrite > Boulangerite.

Pyrite is the most abundant sulphide mineral and is commonly the only one present. Concentric coliform texture is widespread and successive bands show subtle variations in colour with reflective light. Pyrite represents the earliest sulphide phase although some sections exhibit more than one generation. Sphalerite is usually present enclosing earlier pyrite and in some cases replaces the latter. Up to three separate generations are present. Variations in iron content result in strong colour variations in transmitted plane polarised light. Red colouration intensifies with increasing iron content. Galena occurs in relatively small amounts, typically less than 5% of section area and usually forms inclusions within that mineral. The gangue mineralogy comprises barite, calcite and ankerite-dolomite. Barite forms radial aggregates of bladed crystals which mantle the sulphides and infill cavities. Block calcite is usually the last gangue phase. Bulk X-ray diffraction analysis of selected samples indicates this carbonate to be intermediate in composition between ankerite and ferroan dolomite.

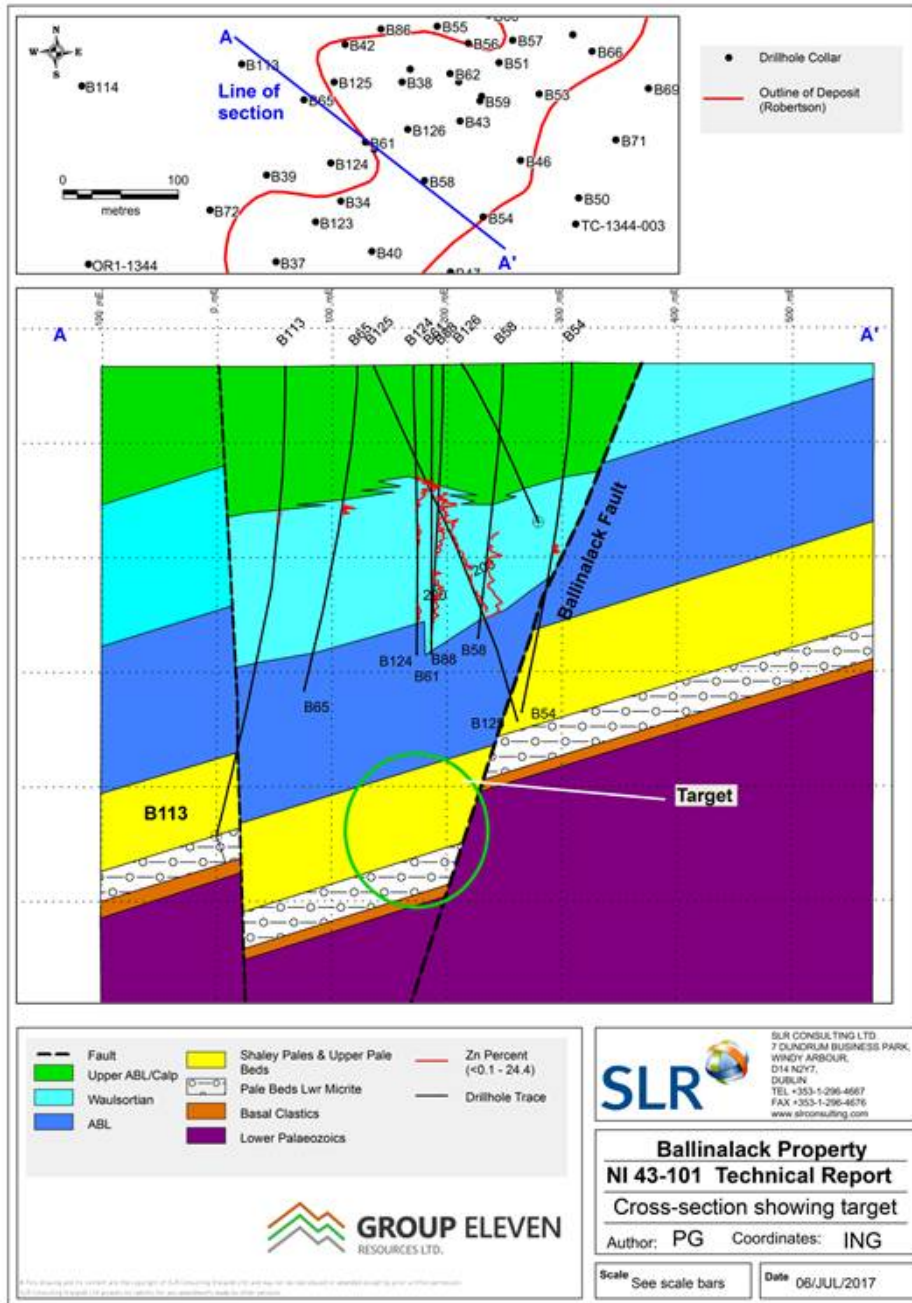
On the hand specimen scale three primary styles of mineralisation are apparent:

- Pervasive
- Cavity fill
- Brecciated

There is gradation between these principal styles. Pervasive involves the almost complete replacement of host-rock to form massive sulphide and is not common. Cavity-fill style can be brecciated and concentration of sulphides around irregular cavities is very widespread. Cavities can be up to 8 cm in length connected by mineralised fractures. The biomicrite host rock around these fractures and cavities is barren.

Mineralization in the Pale Beds occurs throughout the Pale Beds sequence over the same strike length as the shallower-level main mineralization. The lateral extent is not known because mineralisation has only been intersected in a narrow strip along the footwall of the Ballinalack Fault Zone (see Exhibit 14). The mineralogy at the Pale Beds level is similar to the Reef mineralisation except that barite is much more abundant and iron sulphides much less. Sphalerite is usually massive and paler in colour than in the Waulsortian. Banding is less defined. Galena tends to occur in large blebs. Mineralisation is cross cutting as fracture fill or along stylolites. Contact with wallrock is sharp although no-selective replacement creating an irregular contact with wall rock has been observed.

**Exhibit 14. Cross-section through the Ballinalack historical estimate, showing Pale Bed target.**



The potential of the Pale Beds immediately below the Waulsortian-hosted mineralization as a host for a significant zinc-lead mineralization has been largely ignored by previous explorers. Historical drilling overwhelmingly focused on the potential for Waulsortian hosted mineralization. There has also been very little follow-up drilling at the

footwall Pale Beds, in the immediate footwall zone of the Ballinalack Fault, despite these being highly mineralized. It should be noted that at Navan (the largest zinc mine in Europe), mineralization is hosted in the Pale (Navan) Beds in the footwall of a major fault. Prospectivity of the Pale Beds at Ballinalack was first highlighted in a technical report by De Graff (then working for Billiton) in 1980.

The Pale Beds in the immediate hanging wall (within 150 metres) of the Ballinalack Fault and, most importantly, beneath the existing prospect, remains untested. An accurate model of the Ballinalack Fault is crucial to drill hole location when testing the Pale Beds in the hanging wall. Historic hole (B121) intersected 3.5% Zn over 1.0m in the hanging wall Pale Beds, collared over 600m away from the surface trace of the Ballinalack fault. In 2008, borehole TC-3936-001, located 7.7 kilometres south of the Ballinalack prospect intersected 7.6 metres averaging 0.4% Zn from 239.4 metres depth, including 2.8 metres averaging 1.2% Zn in the Birdseye Micrite Unit of the Pale Beds (the host of the largest lens at Navan). TIL drilled two holes (TC-1344-037 and TC-1344-039) through the hanging wall Pale Beds, down-dip from the prospect, albeit relatively distal from the Ballinalack Fault. Some kicks (up to 833ppm Zn+Pb) were detected within the Pale Beds. The above drill holes were not followed-up; it is the Authors' opinion that the drill holes are extremely significant and warrant further investigation as a priority.

Seismic profiling and effective interpretation is key to determine whether indeed the Ballinalack Fault is in fact the main plumbing system along the Ballinalack – Tynagh corridor for metal bearing hydrothermal fluids. The latest chapter in the evolving exploration story at Navan, centred around the use of seismic surveying, has radically changed the understanding of the controls and anatomy of the deposit-complex. The developments at Navan must serve as a template for exploration at Ballinalack.

The notable difference between the Navan deposit and Ballinalack is that the Waulsortian at Navan contains only minor iron sulphide mineralization, which is believed to post-date the main mineralizing event. The model for Irish-style zinc deposits is that mineralizing fluids preferentially concentrate in the first clean carbonate within the Lower Carboniferous sequence. The Pale Beds in this part of the Irish ore field clearly make an excellent host for major zinc deposits and it is the Authors' opinion that there remains significant potential for a Pale Beds-hosted deposit of economic grade.

Earls and Kelly (1999) succinctly presented the exploration rationale for testing the deeper Pale Beds horizon:

- The Navan deposit lies some 50km to the east of Ballinalack, in the same basin;
- Interesting grades are present in the Navan Beds in the general Ballinalack area and especially close to the Ballinalack Fault;
- The style of mineralization in the Waulsortian is predominantly open space fill, with the amount of mineralization controlled by the permeability and porosity present in the Waulsortian. No breccias similar in character to those at Lisheen, Galmoy or Silvermines, have been discovered to date at Ballinalack and a good host for base of Waulsortian mineralization may not be present; and
- The style of mineralization encountered in the Pale Beds is of similar character to that present at Navan and therefore suggests that it is possible to develop a large tonnage.

Previous drilling which tested the Pale Beds in the immediate hanging wall of the prospect was in drill hole B70, about 340 metres from the interpreted fault plane. Only 8.5 metres of the Pale Bed sequence was intersected before the fault was intersected and the drill hole passed into basement rocks. Drill hole B115, about 320 metres from the main fault plane, also intersected only a minor part of the Pale Bed sequence, again because the drill hole passed through the fault before intersecting the base of the Pale Beds.

Drill hole B113, also 320 metres from the fault plane, did intersect what appeared to be a full Pale Bed sequence, as did TIL's drill-hole TC-1344-039, which was the only other hole to cut the entire Pale Beds sequence in the hanging wall. This indicates that the structural architecture and kinematics within a few hundred metres of the fault are quite complex. Furthermore, these estimated distances from the fault plane are probably conservative because seismic profiling indicates a much steeper dip to the Ballinalack Fault.

High grade sulphides intersected in footwall Pale Beds at Ballinalack indicate that this package is potentially a good host for Navan-type deposits. The obvious places to initially test would be close in to the Ballinalack Fault where high-grade mineralization has been intersected higher up in the Waulsortian.

### *Key Historic Drill Intercepts*

A summary of some of the key intercepts at the Ballinalack Project, Ireland is shown below (see Exhibit 15). Holes from the Knoll 2 area include B59, B57, B58, B51, B62, B55 and TC-1366-36, whereas, Knoll 1 and 3 are represented by holes B89 and B15, respectively.

#### **Exhibit 15. Key Historic Drill Intercepts at the Ballinalack Project, Ireland.**

| <b>Hole</b> | <b>From<br/>(m)</b> | <b>To<br/>(m)</b> | <b>Interval<br/>(m)</b> | <b>Zn<br/>(%)</b> | <b>Pb<br/>(%)</b> | <b>Zn+Pb<br/>(%)</b> | <b>Ag<br/>(g/t)</b> |
|-------------|---------------------|-------------------|-------------------------|-------------------|-------------------|----------------------|---------------------|
| B59         | 223.13              | 268.75            | 45.62                   | 13.6              | 2.4               | 16.0                 | 21.3                |
| B57         | 250.16              | 274.54            | 24.40                   | 16.6              | 3.2               | 19.7                 | 16.3                |
| B58         | 195.92              | 220.30            | 24.40                   | 14.7              | 3.4               | 18.1                 | 50.5                |
| B51         | 249.55              | 270.88            | 21.35                   | 15.7              | 3.9               | 19.6                 | 25.8                |
| B62         | 201.53              | 244.86            | 43.32                   | 8.4               | 1.0               | 9.4                  | 9.9                 |
| B89         | 219.69              | 254.12            | 34.36                   | 8.4               | 1.2               | 9.6                  | n/a                 |
| B55         | 267.10              | 277.13            | 10.03                   | 17.9              | 4.2               | 22.1                 | 10.1                |
| TC-1366-036 | 221.30              | 228.70            | 7.40                    | 17.2              | 2.0               | 19.2                 | 47.4                |
| B15         | 50.06               | 60.73             | 10.64                   | 11.6              | 1.6               | 13.1                 | 28.2                |

### *Deposit Types*

The Ballinalack Project is considered to be highly prospective for additional Irish Type zinc-lead mineralization within the Lower Carboniferous sedimentary package.

The Ballinalack prospect fits into the carbonate-hosted zinc-lead deposits sub-type known as “Irish Type”. At the Ballinalack Project, the Company is focused on both the Waulsortian-hosted and the Pale Bed-hosted sub-sets of the Irish Type deposits. Previously operated mines (Tynagh, Silvermines, Lisheen, and Galmoy) exploited fault-controlled clusters of mineral “pods”, occurring along structural trends, ranging from a few million tonnes up approximately 20 million tonnes. Deposits are relevantly “compact” and as an example a 22 million tonne orebody with several zones can fit within a six square kilometres area, such as Silvermines, Lisheen and Galmoy.

The Ballinalack historic deposit does not fit the regional exploration conceptual mould. Given the Ballinalack Project’s location so far north in the Irish orefield, on the same latitude as Navan, the Pale Beds deeper in the stratigraphy would be expected to be the primary host-rock. Instead, the historical zinc resource delineated at Ballinalack is concentrated within the Waulsortian Reef. The overwhelming number of drill-holes have not tested the Pale Beds.

The Waulsortian Limestones at Ballinalack are not dolomitised, and in this respect, Ballinalack is more similar to Silvermines than the Rathdowney Trend deposits. Silvermines is well recognized to host replacement and dissolution, open space fill mineralization, associated with dissolution collapse breccias, cemented by hydrothermal dolomite and sulphides in the form of Black Matric Breccias (“**BMB**”). There does seem to be a strong vertical component to mineralization at Ballinalack with concentration close to the main feeder faults. This is similar in some respects to Tynagh.

All Irish Type Deposits show the following characteristics:

- Hosted on the hangingwall of normal fault belts, frequently overlying trans-tensional basement shear zones.
- Faults were syn-depositionally active during late Courceyan to Chadian - Arundian rifting.
- Faults control margins of intra-platform basins, marked by significant carbonate facies and thickness variations.
- Host rocks are typically the first major clean carbonate unit in the sequence.
- Host rocks are more permeable or reactive than other lithologies in the sequence.

Host rock variation:

- Ballinalack, Silvermines and Tynagh host rock is a limestone
- Lisheen and Galmoy have dolomite as a host rock, indicating lithification and diagenetic alteration to dolomite prior to the mineralizing event

#### Alteration Variation:

- Silvermines has extensive preserved ironstone, barite and siderite alteration in close proximity to the sulphide bodies
- Silvermines has extensive hydrothermal dissolution breccias (termed reef or dolomite breccias, but texturally very similar to the Rathdowney Trend BMBs) overlying, and distal to, the sulphide mineralization.
- Lisheen has remnant ironstone fragments at the edges of the orebodies/alteration halo, suggesting that an initial ironstone body was present, but was overprinted and reduced during the sulphide phase.
- The Rathdowney Trend deposits (Lisheen and Galmoy) have extensive hydrothermal dissolution breccias (BMBs) and white dolomite cemented crackle breccias (White Matrix Breccias) overlying, and distal to, the sulphide mineralization.
- Tynagh has an extensive ironstone extending for some considerable distance beyond the sulphide bodies, but has no recorded hydrothermal breccia halo.
- Tynagh has extensive evidence of breccia formation within the orebodies.
- In all cases above, alteration systems associated with the sulphide orebodies are present and significantly increase the exploration footprint, assisting in finding hydrothermal sulphide-bearing systems.

Some geologists consider the Irish Type deposits to be Mississippi Valley Type (Leach et al, 2010) but most now agree that the Irish Type deposits are higher temperature, with higher silver concentrations and formed by replacement of carbonates and dissolution open space fill after early diagenesis, rather than cavity fill-dominated mineralization (which occurs a significant period post lithification).

#### Exploration

The Company acquired its interest in the Ballinalack Project from TIL very recently (June 2017). TIL's comprehensive project database is now owned by the Company. The Company has not commenced any field-work on the Ballinalack Project.

Under the Irish prospecting license system, exploration data which is more than six years old are made available by the GSI and EMD. Additionally, once ground has been relinquished, the data are made available. TIL has held the Ballinalack License block for 12 years since 2005. The Company has extensively researched, compiled and integrated all exploration information and data available in GSI archives and integrated to fill any gaps and supplement the information and reports available from the project database (2005-2017) acquired from TIL.

#### Drilling

The Company has not yet carried out any drilling activity at the Ballinalack Project.

#### Sampling, Analysis and Data Verification

##### *Sampling*

The Company has not yet carried out any sampling at the Ballinalack Project, however, numerous samples have been taken by previous operators, including TIL. There is scant information available on the sample preparation, analyses and protocols carried out by previous operators, other than TIL. As far as the Authors are aware, Ivernia West did not carry out any sampling. According to the Robertson report (1991), it is believed that analysis up to the time of the report took place in-house at Syngenore's facilities.

##### TIL Sampling Protocol

TIL is the only holder to have carried out sampling and analysis using modern techniques and observing the current standards required. The Authors have ascertained that TIL's sampling and security procedures were as follows. Core samples were submitted as half core. The minimum sample length was 30cm and the maximum 1.5m for mineralised samples and 5m for lithogeochemistry samples. The samples were split with a core saw. The core saw was cleaned regularly and between high and low grade samples. Samples were recorded in a ticket book which was completed by the geologist. The ticket book records the details of the interval in duplicate with a third tear off tab with the sample number only which is included with the sample submitted to the lab. The duplicate copy is stapled



into the core tray and the original ticket book is stored in TIL's field office when the book is completed. A record of each batch of samples submitted to the lab is kept using the TIL despatch sheet in duplicate. This sheet includes (1) Unique batch number; (2) the details of the geologist submitting the samples; (3) the number of samples; (4) the sample numbers; (5) the sample type; (6) the preparation required; and (7) the analytical method required.

A copy of the despatch sheet is submitted with the samples and a duplicate is kept in the Irish head office for reference.

#### Standards

TIL inserted standards into each batch at a rate of one in every twenty samples. Standards were inserted at the discretion of the geologist. For example, instead of inserting them systematically every 20 samples, the geologist could choose to adjust the placement to coincide with a particularly high grade sample. A standard was considered a failure if its returned value lay outside of the given  $\pm 3SD$  control limits calculated for the standard. When there is a standard failure all of the samples from one sample after the previous passing standard to one sample before the following passing standard are rerun.

#### Blanks

Field blanks were inserted after high grade samples to assess cross contamination during preparation. The blanks were Waulsortian Limestone sourced from barren holes drilled by TIL. If a field blank returned anomalous values, then the pulp was rerun to confirm the anomaly. If the pulp again returned anomalous values then the remaining half core of the same interval is split and the quarter core was submitted. If the corresponding quarter core confirms the anomalous values then the blank was considered to have passed. If the quarter core does not confirm the anomalous values then the blank is considered to have failed and the batch is rerun using the coarse rejects. If this again fails, then quarter core was submitted. This situation has not occurred.

#### Quality Assurance and Quality Control Procedures

Each batch of results returned from the laboratory was first checked for quality assurance and quality control ("QA/QC") before the results were entered into the assay database and made available for interpretation. For QA/QC, the standards and blanks in each batch are compared against the known expected results. If a batch fails then the results are kept in quarantine until the issue is resolved. The assay results that have passed QA/QC were stored in a Microsoft Access database. This database was subsequently migrated to acQuire. The database has set permissions that allow only the database administrator to make changes. All other users have access to queries of the results only and do not have the ability to write changes. This protects the validity of the data. The laboratory also previously provided hard copies of the results which were filed at TIL's Irish head office. The pulps and coarse rejects were returned by the lab and stored in the core shed for future reference. The Authors are of the opinion that TIL's procedure is robust and in line with expected industry standards.

#### *Laboratory and Analysis Methods*

Samples were analysed at the ALS Minerals ("ALS") facility in Loughrea, Co. Galway. Upon receipt, the samples were checked by ALS personnel and a dispatch sheet confirming safe receipt of the samples was signed by an authorised ALS employee. ALS is entirely independent of the Company and is accredited by the Irish National Accreditation Board to undertake testing in compliance with the International Standard ISO/IEC 17025:2005 2nd Edition "General Requirements for the Competence of Testing and Calibration Laboratories".

The analysis methods used by TIL were ICP ORE and ICP AES/MS. ICP ORE was used for all samples which contained more than approximately 2% visual sphalerite. The second method, ICP AES/MS MA/UT was used for all samples submitted for lithogeochemistry as it provided lower detection limits. The Authors are satisfied that the methods chosen by TIL were appropriate.

#### *Data Verification*

While active generation of data at the Ballinalack Project is not in progress, the Authors have used a number of methods of verifying the data used by the Company. The detail available is easily divided in rough chronological order: The period up to (and including) the 1991 Robertson report; Ivernia Wests' tenure; and TIL's tenure

#### Up to Time of Robertson report

There are no original data available for this period. In the past, Dr. Kelly conducted a digital capture of data from the Robertson report for Ivernia West and is confident that the Company has properly captured the same data. As part of the review procedure for this report, the Authors have also used the EMD's open file system to check randomly



chosen drill logs and drill log summaries in order to verify the data in the Company's database, which was acquired from TIL. No certificates of analysis are available, however analysis results are handwritten into the typed drill logs and a selection of these has also been checked.

Depths were recorded in feet, and there are some very minor discrepancies arising from rounding of decimal places, but none are significant. There were some errors noted regarding the recording of drillhole azimuths, where the recorded azimuth did not match the drill logs, however, all of these were on vertical drillholes, so they are not considered to be material. That being said, the Authors would strongly recommend that the Company check every single historic drill log to ensure that no azimuth errors have occurred on angled holes, as that is potentially a significant problem.

#### Ivernia West

Drilling was managed by SLR Consulting Ireland ("SLR") personnel (the firm was known as CSA at the time), including Dr. Kelly, on behalf of Ivernia West. SLR therefore has records of the original drill data collected by Ivernia West and has been able to use those to verify the Company's database, using a random selection of drillholes. No errors were observed.

#### TIL

The data gathered by TIL were verified in a number of ways. Dr. Kelly visited the core shed and was able to visually check drillhole depths, numbers, and assay results against both the TIL drill logs and the data provided by the Company. Drillhole location maps were also compared against the reported coordinates in licence reports submitted by TIL to EMD, for a random selection of drillholes. No significant errors were observed.

#### Summary and Conclusion

The Authors are satisfied that the database acquired from TIL and being used by the Company is a 'clean', robust and accurate database. It is suitable for the purposes of reporting on the Ballinalack Project and as a basis for the proposed exploration programme.

#### Mineral Processing and Metallurgical Testing

Metallurgical testwork has not yet been carried out by the Company. Historical testwork was conducted as part of the 1991 Robertson report and is summarised below.

A composite sample was used by Robertson to conduct metallurgical testing. The composite contained samples, 1.5m in length, from holes B7, B33, B36, B38, B51, B66 and two samples from B88. Robertson first carried out sink/float testwork using heavy liquids to determine whether pre-concentration by dense medium separation would be potentially beneficial to the Ballinalack Project. The sink/float testwork indicated that approximately 40% by weight of the material could be rejected, for a loss of just 2% of the metal content. The Authors believe that if the Ballinalack Project does progress to the point where metallurgical testwork is warranted, it would be worthwhile repeating such testwork, as a 40% reduction of the material would likely lead to significant cost savings in any future operation.

Robertson also carried out flotation tests, using conventional techniques. Some variation was introduced to the tests by using lime or sodium carbonate as pH modifying reagents. Robertson also carried out combined testwork, but it is not evident to the Authors that the results of this work could be accurately scaled up for operational purposes.

#### Further Exploration Activities Proposed

##### *Summary*

The Authors determined that the Ballinalack Project is of sufficient technical merit to warrant the recommendation of a robust, two phase exploration programme. The Company will adopt the Authors' recommendations.

Phase 1 should focus on confirmatory drilling of the Ballinalack prospect as well as some regional drilling, while Phase 2 should follow on from Phase 1 and focus on expanding the mineralization intersected in Phase 1 and testing the footwall Pale Bed target. Phases 1 and 2 are expected to each be completed within a consecutive 12-month period (i.e. 24 months in total). Phase 2 will be conditional on satisfactory outcomes from Phase 1, although it is thought that sufficient work has already been done to establish the very prospective nature of the property.

##### *Phase 1 – Confirmatory Drilling of Prospect*

Phase 1 should focus on confirmatory drilling of the Ballinalack prospect, with a view to determine the full extent of vertical (and/or sub-vertical) mineralized structures within the occurrence, as well as, true widths of currently known

mineralized zones. Six (6) holes consisting of two (2) holes along three (3) fences are recommended within the footprint of the prospect; whereas, two (2) holes are recommended moderate step-outs and gap infills. Importantly, drilling should be conducted with *inclined* (e.g. -60 or -70 degrees) holes, as opposed to the vertical holes which have been used thus far to define the historical estimate.

A secondary benefit of inclined holes is that the footwall Pale Beds (located adjacent to the Waulsortian-hosted Ballinalack mineralization) will likely be intersected in holes closest to the Ballinalack Fault. The best footwall Pale Bed intercepts (e.g. B110 with 11.9% over 1.4m; B94 with 16.9% over 1.2m; B81 with 20.4% over 1.4m; and B95 with 10.7% over 0.8m) define a continuous strike length of over 400m at the northern-most part of the Ballinalack prospect (interestingly, an area which was excluded from the 1991 mine plan). A concerted effort should be made to drill this zone from the northwest (via the main prospect; azimuths towards the southeast). Inclined holes through this part of the prospect could identify additional tonnage, especially if economic mineralization is found to ‘back-bleed’ further into the footwall away from the Ballinalack fault.

Concurrent with the above, at least some drilling should be conducted on regional targets, especially in areas recently tested with seismic surveys. Three (3) holes are recommended.

#### *Phase 2 – Exploration Drilling*

Phase 2 should focus on exploring the hangingwall Pale Bed target under the Ballinalack prospect, based on information attained from drilling in Phase 1. This drilling should include at least six (6) holes, consisting of two (2) holes drilled along three (3) fences, likely focussed on the northern-most section of the prospect area.

Moderate step-outs (e.g. 25-50m) should be drilled along strike from the northern end of the prospect. Drilling should also infill the c. 300m gap in drilling between the main prospect and the isolated pod of mineralization at the northern-end of the resource area. Three (3) holes are recommended (two step-out holes and one infill hole). Additionally, two (2) holes are recommended to test the footwall Pale Beds on the northern end of the prospect area (holes to be inclined, with an azimuth towards the northwest).

#### *Budget (Phase 1 and 2)*

Phase 1 and 2 of exploration of the Ballinalack Project is expected to cost \$779,496 and \$1,178,297, respectively, or \$1,957,793 in total (see Exhibit 16 below).

#### **Exhibit 16. Budget for Phase 1 and Phase 2 at the Ballinalack Project, Ireland.**

| <b>Activity</b> | <b>Phase 1</b> | <b>Phase 2</b>   | <b>Total</b>     | <b>Percent</b> |
|-----------------|----------------|------------------|------------------|----------------|
| Drilling        | 532,790        | 921,650          | 1,454,440        | 74%            |
| Geophysics      | 0              | 0                | 0                | 0%             |
| Fixed & Other   | 246,706        | 256,647          | 503,353          | 26%            |
| <b>Total</b>    | <b>779,496</b> | <b>1,178,297</b> | <b>1,957,793</b> | <b>100%</b>    |
|                 | 40%            | 60%              | 100%             |                |

## THE STONEPARK PROJECT

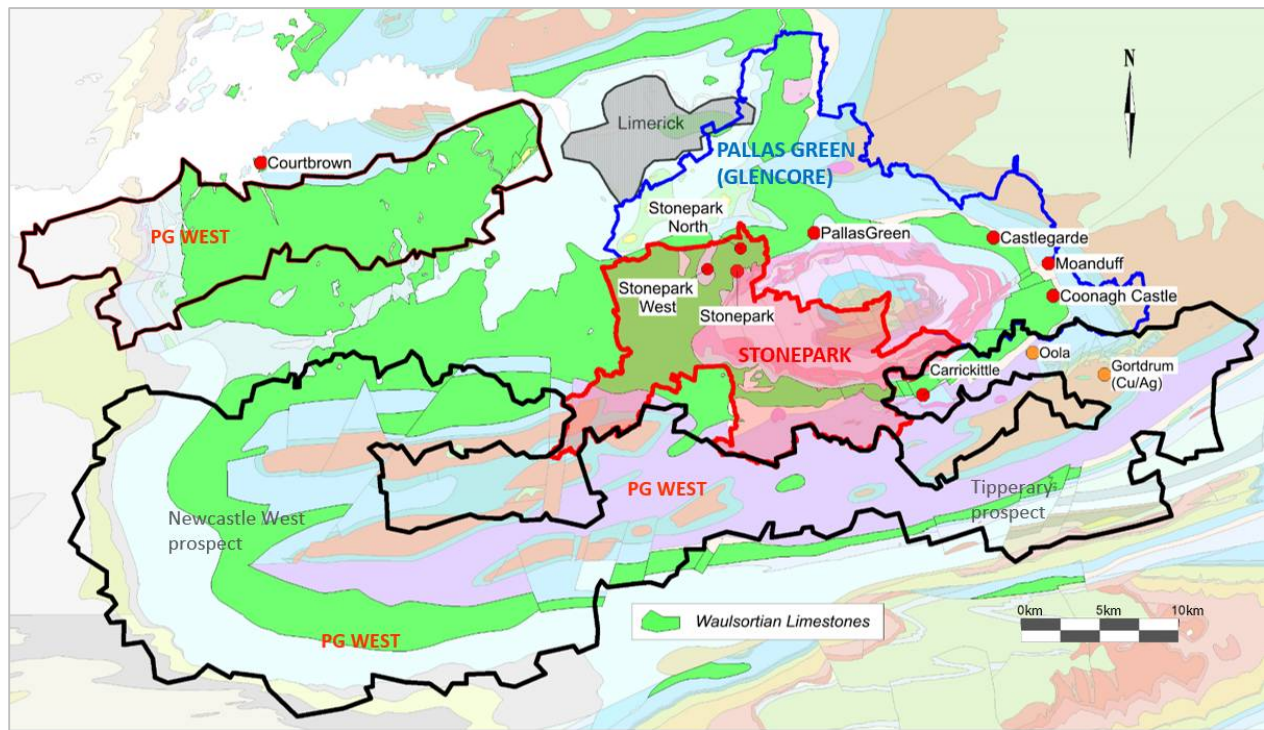
The following represents information summarized from the Technical Report entitled “*NI 43-101 Independent Report on a Base Metal Exploration Project at Stonepark, County Limerick, Ireland*” with an effective date of November 20, 2017, and prepared for the Company by EuroGeol Dr. John Kelly, PGeo, MIMMM and EuroGeol Paul Gordon, PGeo, MSc of SLR Consulting (Ireland) Ltd. in accordance with National Instrument 43-101. A complete copy of the Report is available for review, in colour, on the System for Electronic Document Analysis and retrieval (SEDAR) located at the following website: [www.sedar.com](http://www.sedar.com). Alternatively, the report may be inspected during normal business hours at the Company’s registered office, 2200 - 885 West Georgia Street, Vancouver, British Columbia.

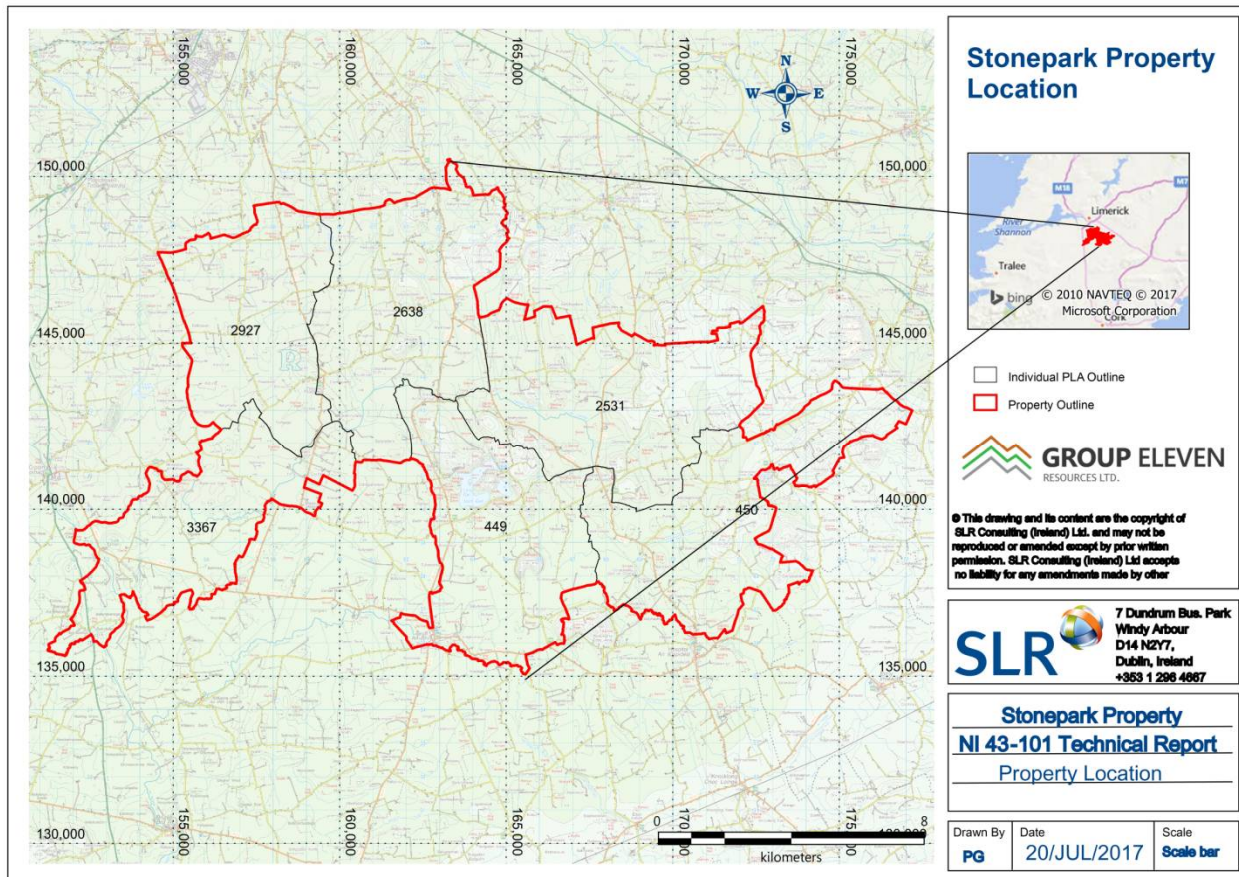
### Project Description, Location and Access

#### *Location and Means of Access*

The Stonepark Project is located near Limerick (see Exhibit 17), Ireland’s third largest city, and extends from the small rural villages of Ballyneety in the north, to Bruff in the south (a distance of some 13.5 kilometres) and from just south of Pallas Green in the east, almost to Croom (population 1,157) in the west, a distance of 25 kilometres. The northern boundary of PLs 2927 and 2638 are about six kilometres south of the outskirts of the city of Limerick.

**Exhibit 17. Project location map of the Stonepark Project, County Limerick, Ireland.**



**Exhibit 18. License location map of the Stonepark Project, County Limerick, Ireland.**

The Stonepark Project is within a few kilometres of both the M20/N20, the national route connecting the cities of Limerick and Cork, and the N24, which connects Limerick to Waterford. The M20/N20 runs to the north and west of the Stonepark Project, while the N24 is to the northeast. The railway linking Limerick City to Limerick Junction, where the lines from Cork, Waterford and Killarney intersect, runs approximately parallel to the N24, with the nearest station at Limerick.

Three regionally important roads, the R511, R512 & R516 also run through the Stonepark Project; the R511 runs north-south through the centre, the R512 runs north-south along the eastern margin of the Stonepark Project and the R516 runs through the southeastern part of the Stonepark Project. There is also a network of locally important roads throughout, with most points in the Stonepark Project being within 1km of a public, paved road.

#### *Nature and Extent of Title*

See above section titled “- The Ballinalack Project - Project Description, Location and Access - Nature and Extent of Title” for a description of the Irish mineral tenure system.

The Stonepark Project area consists of six prospecting licenses covering a total of 183.54 km<sup>2</sup>. It is an area of good quality agricultural land, with extensive tillage and grassland for grazing. The boundaries of the exploration licenses correspond to official, pre-defined, administrative boundaries as outlined by the EMD. The license outlines are irregular, based on clearly defined geographical features such as river and stream courses and townland boundaries.

The following table (Exhibit 19) lists the PLs that comprise the Stonepark Project and the current expenditure commitment for 2018 and 2019.

**Exhibit 19. Summary of Licenses and Spending Requirements at the Stonepark Project, Ireland.**

| <u>Area No.</u> | <u>County</u> | <u>Expenditure</u> |
|-----------------|---------------|--------------------|
| PL 2638         | Limerick      | €50,000            |
| PL 2927         | Limerick      | €50,000            |
| PL 3367         | Limerick      | €50,000            |
| PL 449          | Limerick      | €50,000            |
| PL450           | Limerick      | €50,000            |
| PL2531          | Limerick      | €37,000            |
| Totals:         |               | €287,000           |

The exploration rights to the PLs comprising the Stonepark Project are wholly-owned by TILZ Minerals Limited (“**TILZ**”). The Company, through GERL, owns a 76.6% equity interest in TILZ, with the remaining 23.3% interest owned by Limerick Zinc Limited, a subsidiary of Connemara Mining plc. The PLs allow TILZ to prospect for base metals, barytes and silver within the limits of the licensed area, and are valid for a period of six years from the issue date. The current term of the PLs expire between April 27, 2018 and January 31, 2019.

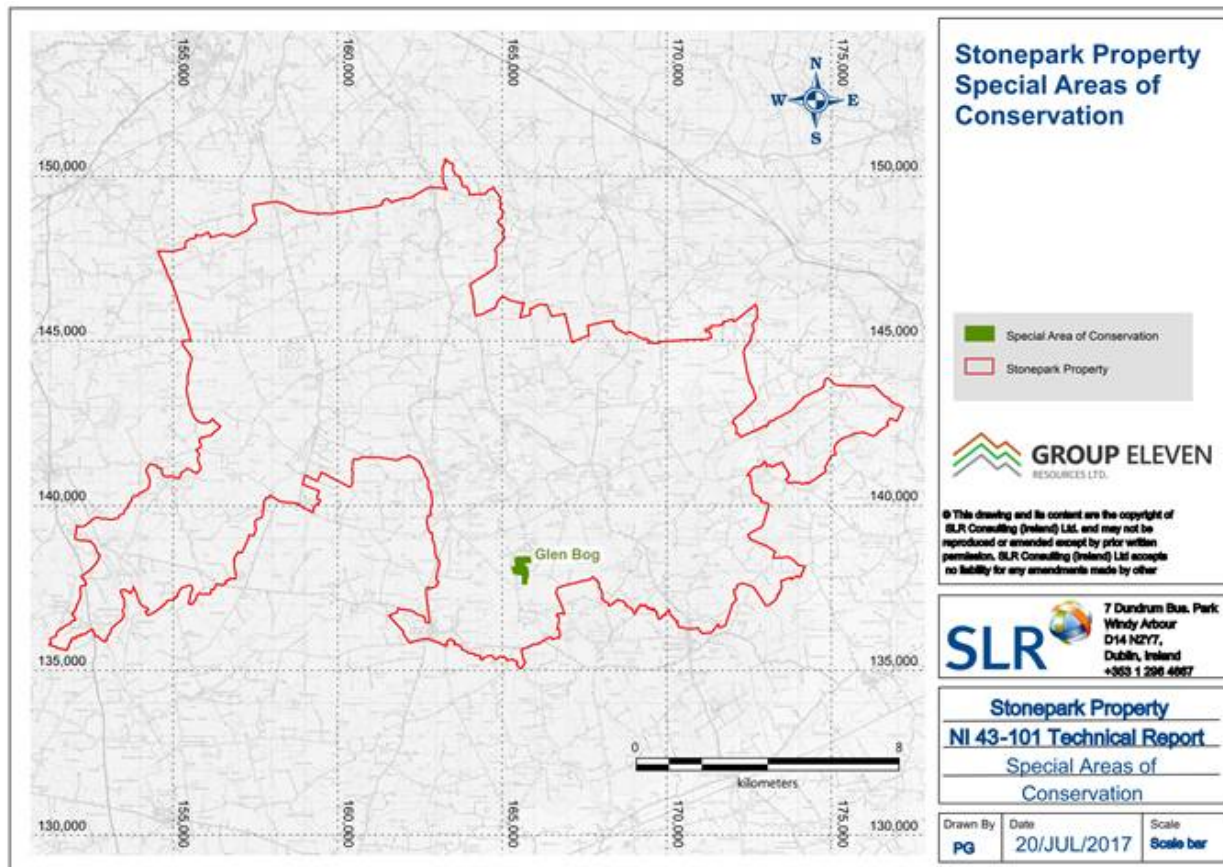
*Existing Royalties or Other Encumbrances*

There are no existing royalties, overrides, back-in rights, payments of other agreements or encumbrances to which the Stonepark Project is subject, except for TIL’s 4.5% NSR royalty on 76.6% of production, which the Company has an option to buy back up to 3.5% of the NSR as described in “The Business of the Company”.

*Protected Areas Affecting the PLs*

See “- The Ballinalack Project - Project Description, Location and Access - Protected Areas Affecting the PLs” for a description of the types of protected sites designated by the National Parks and Wildlife Service of Ireland. There is one SAC in the Stonepark Project area (Exhibit 20) relating to the Glen Bog, which covers approximately 27.6 hectares.



**Exhibit 20. Location of Protected Areas affecting the Stonepark Project, Ireland.**

#### *Factors Affecting Access or Title*

The Company is not aware of any significant factors, risks or issues that may affect access, title, or the right or ability to perform work on the Stonepark Project. There are no permits on the PLs nor is any required for the recommended work programme. The Company is not aware of any environmental liabilities related to the Stonepark Project.

At the present drill spacing, it appears possible that mineralization continues from Stonepark North to Ballyneety (Stonepark West), and further drilling should confirm or deny the continuous nature of the mineralization. Access for such drilling is likely to be complicated by the presence of a golf course between the two prospects. TIL successfully obtained permits for drillholes on the golf course in the past, but that does not guarantee that access will be granted in the future.

#### History

##### *Discovery of Deposit and Initial Exploration*

The Limerick Basin of southwest Ireland has only become the focus of intense exploration since about 1998, relatively late compared to the North Midlands and Rathdowney Trend, although a number of smaller occurrences had been identified. The Limerick Basin is now recognised as an important Irish Zn-Pb district with the discovery of Pallas Green by Minco-Noranda and Stonepark by TIL, generating industry interest not seen since the discovery of Galmoy in 1984 and Lisheen in 1990 along the Rathdowney Trend.

No significant discoveries were made in the decade following the discovery of Lisheen in 1990 until the more recent discoveries in the Limerick Basin.

Initial exploration in the Limerick area began in the early 1960's during a country-wide exploration boom that followed the discoveries of Tynagh and Silvermines. These discoveries bracketed the discovery in 1963 of the Gortdrum Cu-Ag-(+Hg) orebody (now owned by the Company and viewed as a brownfield exploration project).

Steam sediment and soil geochemistry surveys combined with IP geophysical surveys were effective at the time in finding these shallow deposits.

Gortdrum was put into production by the Northgate group in 1967 and operated until 1975. The Cu-Ag-Hg mineralisation at Gortdrum is hosted within the Lower Limestone Shale sequence. The mineralisation is also associated with intense shearing and reverse movement on the Gortdrum fault and hydrothermally altered basaltic dikes and sills similar to those in the Limerick Volcanics. Gortdrum produced a total of 35,000 tonnes Cu, 83,000 kg of Ag and 17,000 kg mercury (Steed, 1986).

In the 1970's, exploration by Gortdrum Mines Ltd in the area north of Gortdrum led to the discovery of low-grade, breccia-hosted zinc-lead mineralization in Waulsortian Limestone, approximately 10km northeast of the Gortdrum mine at a place called Castlegarde. In the mid-1990's, this area was acquired by Minco Ireland and became known as the Pallas Green license block, after a local village.

The ground was joint-ventured to Noranda in 1998. A well-defined west-northwest striking alteration trend, the Pallas Green Alteration Trend, was recognised as superimposed on the Limerick Trend and was fully covered by the Pallas Green license block except to the east where the Waulsortian Limestones had been eroded. The alteration trend is approximately two kilometres in width and can be traced over approximately 30 kilometres from the Gortdrum Mine in the east to the outskirts of Limerick City in the west. The Waulsortian or target host-lithology is present along this trend except for an area over five kilometres extending west of the Gortdrum copper mine. Exploration led to discovery of a number of other pods of zinc-lead sulphide mineralisation at depths below 300 metres. In 2002–2003, thick high-grade mineralization was discovered at the Tobermalug zone.

In 2006, Xstrata plc acquired Falconbridge-Noranda which had merged the previous year. Drilling in 2006 and 2007 delineated a resource of 11.3 Mt averaging 10.2% zinc and 1.9% lead with additional resources in two smaller but open zones at Caherconlish and Srahane West. With subsequent drilling campaigns, Xstrata plc built a global resource for the project along a roughly two-kilometre long zone of Waulsortian limestone subcrop on the northeast of the Limerick syncline. This cluster of zinc-lead deposits became known as the Pallas Green district and currently, the aggregate inferred resource stands at 44 million tonnes averaging 7% zinc + 1.0% lead (JORC-compliant; as at 31 December 2016).

#### *Work Undertaken by Teck Ireland Limited*

##### Mapping and Geological Sampling

Two mapping and lithogeochemical sampling programs were undertaken in the Stonepark Block area by TIL in 2007. The aim was to field check historic geological control points, generate new geological control points (data collected included, lithology, alteration, and structural data) and collect additional lithogeochemical samples. A total of 117 localities were examined and 17 samples were taken for analysis.

Two soil geochemistry sampling programmes were completed by TIL. A total of 101 samples were collected from 72 sites. These surveys were directed to define an anomalously high Zn soil geochemistry value (750ppm) collected by Tara Exploration in 1965, and complete multi-element, pH and LOI analysis of these soils; only Zn, Pb and Cu were completed in 1965.

##### Geophysics

Three separate Dipole-Dipole IP surveys were completed for a total of 30.3 line kilometres. Previous work by Connemara Mining comprised 7.5 kilometres of IP. IP work was primarily directed at mapping variation in bedrock geology and identifying possible structure. Gradient Array IP was conducted to detail and some features of interest were identified by the dipole-dipole surveying. A total of seven panels were completed for a total area coverage of 16.72 km<sup>2</sup>.

A number of downhole IP surveys were conducted on three drillholes to determine the resistivity and chargeability properties of the various lithological units present in the Stonepark Block to assist with interpretation of surface geophysical surveying. In addition to the above, directional IP surveying was also conducted in an attempt to geophysically explore areas adjacent to completed boreholes. A total of six drillholes were surveyed.

Airborne magnetic data from surveys undertaken by previous or adjacent operators that has been made publicly available by the EMD was acquired by TIL and re-processed. Following re-interpretation of the airborne surveys, a programme of ground magnetics was conducted. The survey assisted with defining the distribution of volcanic rocks in the immediate area of the Stonepark Project and no further interpretation was undertaken.

As well, the DIAS (Dublin Institute of Advanced Studies) national dataset was modelled and a programme of infill surveying was conducted to achieve greater detail across the entire licence block at a grid spacing of 500m. In the Stonepark area, a survey of 117 readings was taken on a grid spacing of 100m.

#### Seismics

TIL completed a total of 18 line kilometres of seismic surveying consisting of two seismic lines on PLs 2638, 2927, 2531 and 449.

#### Drilling

Little significant drilling was undertaken on the Stonepark Project prior to the TIL tenure, with only a limited number (see Exhibit 21) of generally shallow drillholes completed. TIL completed a total of 133 drillholes within the Stonepark Project area, the majority directed at Stonepark, Stonepark North and Ballyneety (all located on PL 2638). Drilling also focussed on testing a possible south-westward extension of the Stonepark North occurrence towards Ballyneety. Other drilling within the Stonepark Project was more spatially distributed, with a number of encouraging intersections of alteration and mineralisation intersected and significant potential for follow-up of these areas.

#### **Exhibit 21. Summary of Historic Drilling at Stonepark Project, Ireland.**

| PL No.  | Pre-Teck<br>No. of DDH | Pre-Teck Drilling<br>(m) | Teck No. of<br>DDH | Teck Drilling<br>(m) | Total DDH | Total Drilling<br>(m) |
|---------|------------------------|--------------------------|--------------------|----------------------|-----------|-----------------------|
| PL 2638 | 27                     | 512                      | 103                | 44,804               | 130       | 45,316                |
| PL 2927 | 0                      | 0                        | 15                 | 5,684                | 15        | 5,684                 |
| PL 3367 | 1                      | 92                       | 3                  | 586                  | 4         | 678                   |
| PL 449  | 4                      | 573                      | 1                  | 639                  | 5         | 1,212                 |
| PL 450  | 14                     | 1,798                    | 10                 | 2,127                | 24        | 3,925                 |
| PL 2531 | 0                      | 0                        | 1                  | 927                  | 1         | 927                   |
| Total   | 46                     | 2,975                    | 133                | 54,767               | 179       | 57,742                |

#### *The Stonepark Discovery*

In 2007 TIL entered into an option agreement with Connemara Mining Co. Ltd. to spend \$3.0 million to earn a 75% interest in the Monaster Block (PLs 2638, 2927, 3367, 449 and 450) zinc project immediately to the west of Pallas Green, as well as, the Newcastle Block (PLs 2845, 1942, 1303, 3650, 2594, 1943, 3651, 1946, 1940, 1947), located approximately 4 to 30 kilometres to the southwest. Note, the Newcastle Block is currently wholly-owned by the Company.

TIL operated the programme and generated drill targets using a combination of historic soil geochemistry, pole-dipole IP and gravity data, and a structural interpretation based on geophysics and limited outcrop data. However, targets closest to the Pallas Green camp were tested first.

Diamond drilling on the Stonepark Project area started in June 2007. TC-2638-001 was drilled adjacent to a major structural break with an associated soil geochemical anomaly but results were negative, although thick Waulsortian with patchy zones of dolomite were intersected (with no significant sulphides). TC-2638-002 was then drilled four kilometres to the northeast of TC-2638-001 to test an IP chargeability anomaly over an interesting structural target. Trace amounts of pyrite were intersected in the Waulsortian but no sphalerite or galena. TC-2638-003 was drilled 840m south-west of TC-2638-001 and again was drilled on an IP chargeability anomaly. This hole intersected a thick section of black matrix breccia near the base of the Waulsortian. The hydrothermal breccia matrix contained disseminated pyrite and locally, sericite-pyrite-altered dike clasts but assayed < 100 ppm zinc.

TIL was encouraged with the discovery of this hydrothermal system and hole TC-2638-004 was drilled 300m north-west of TC-2638-003 and closer to an inferred north-east trending fault. The fault traced a significant topographic break in slope and an interpreted change in sub-surface lithology. Hole TC-2638-004 intersected a four-metre zone of sulphide mineralization containing 11.6% Zn and 3.5% Pb from 376-metres depth. TC-2638-004 was completed in October 2007 some four months after the scout-drilling programme commenced.

This discovery and more encouraging drilling around hole TC-2638-004 during 2008 led to the area becoming known as the Stonepark Prospect (located on PL 2638, owned by the Company). An extensive geophysical program consisting of gradient array, downhole and directional IP, detailed magnetics, roadside and detailed gravity was also undertaken in 2008, to better define the geology of the area. Target testing outboard of Stonepark saw TC-2638-012 collar 1.0 kilometre south-west of Stonepark (in the Ballyneety area, located on the Company's PL 2638). The hole



tested an IP chargeability anomaly and intersected a narrow gossanous zone (0.95 m @ 2.37% Zn and 4.73% Pb from 203.2m) at the base of a significant karstic depression. At the end of 2008, drilling was suspended. When drilling resumed in August 2009, the second hole of that programme (TC-2638-026) tested an IP chargeability anomaly and intersected 7.2 metres averaging 13.1% Zn and 2.2% Pb from 216 metres depth. This hole was drilled 1.5 kilometres north of TC-2638-004 and signalled the discovery of a higher-grade and shallower zone of zinc-lead mineralization, which subsequently became known as Stonepark North (located on PL 2638).

Stonepark North became the focus of the 2009 and 2010 drilling programme, with 39 holes for 15,250m being completed during this period. The conclusion appears to be that Stonepark North is a narrow, high grade, N-S trending stratiform ore horizon over 600m in strike length. In addition, a new mineralised zone, Stonepark West, was discovered in 2011 and is still open to the southwest.

Despite intersections of black matrix breccia with trace sphalerite in PL2927 and PL3367, TIL confined the large part of its exploration drilling to just the northeast corner of PL2638. The outlying hydrothermal systems identified from drilling indicate that the Stonepark prospects are just part of a much larger mineralising system supported by proximity to Pallas Green. The Authors believe that the Stonepark Project is probably on the fringes of a major hydrothermal system and likely it is genetically part of the Pallas Green camp.

Overall, TIL identified three high-grade zinc-lead zones within the Project, all located within five to 10 kilometres of the Pallas Green deposit. TIL also identified a number of drill ready targets with the opportunity to define a significant zinc lead resource.

### Geological Setting and Mineralization

#### *Geological Setting*

The geological evolution of Ireland is described above (see “- The Ballinalack Project – Geological Setting and Mineralization – Geological Setting”).

The Stonepark Project is hosted in the Lower Carboniferous carbonate sequence in the southwestern part of the Irish midlands. Unlike the known major deposits, no major controlling structure has been identified to date.

#### Regional Geology

The Stonepark Project is located within the southwestern part of the “Irish Midland Ore Field” which extends across central Ireland and which constitutes one of world’s major districts for zinc and lead mineralization. Stratigraphically, the Stonepark Project and the Company’s contiguous licences lie within the Limerick Province. Of particular note is the fact that the main major structures controlling mineralisation, i.e. the “feeder structures” have not yet been located within the Limerick area. This is of great significance as it has been determined that at the known major deposits with similar mineralisation and alteration systems (such as those at Lisheen, Galmoy and Silvermines), the thickest and highest-grade mineralisation (i.e. the bulk of the mineable metal) is located in the immediate hanging wall and proximal to the main structures.

Blaney and Redmond (2003) described the geological setting and alteration and mineralisation styles in the Limerick Basin in some detail, including Glencore’s Pallas Green deposits and the Stonepark mineralisation.

Devonian and lowermost Carboniferous Red Beds, overlying Lower Palaeozoic basement rocks, are succeeded by marine sandstones and shales, succeeded by a sequence of calcareous shales, argillaceous limestones and limestones (Lower Limestone Shale and Argillaceous Bioclastic Limestone Groups). The Lower Limestone Shale Group is known to host significant Cu-Ag (+Hg) mineralisation at several localities within the region.

These are, in turn, overlain by the massive, clean Waulsortian limestones (the first clean carbonate unit in the sequence) which hosts the hydrothermal alteration and the bulk of the base-metal mineralisation in the region. Waulsortian limestone is succeeded by a generally shallowing sequence of deep shelf to shallow shelf limestones (Lough Gur and Herbertstown Limestone Formations), with two phases of major volcanism represented by the Knockroe/Carrigogunnel and Knockseefin volcanics. The presence of major volcanism in the Lower Carboniferous, particularly during the Chadian – Arundian when mineralisation is suspected to have occurred, is particularly significant – especially given the scale and extent of the Limerick alteration/mineralisation hydrothermal systems.

The Stonepark Project’s mineralisation lies along strike and west of Glencore’s Pallas Green deposits, but no major controlling structure to the mineralisation has been identified to date (Irish deposits are typically located on the immediate hangingwall of major faults which control the location of the deposits). The style of hydrothermal alteration and mineralisation is similar to that at successfully mined deposits at Silvermines and in the Rathdowney

Trend (Lisheen and Galmoy), although the extent and scale of the Limerick syncline mineralising systems is significantly larger than the Silvermines and Rathdowney systems.

A number of boreholes located significant distances from the Stonepark mineralisation have intersected weak mineralisation or significant hydrothermal alteration, indicating significant potential for other hydrothermal centres elsewhere within the Stonepark Project.

#### Local and Project Geology

Stonepark is located within the Limerick Province (described by Philcox, 1984), which extends eastward from the Limerick area into the Silvermines and Tynagh areas. The northern boundary lies north of the Slieve Aughty mountains where the Dunmore Province is located and the northeastern boundary with the North Midlands Province is currently ill-defined but is marked by the transition from Lower Limestone Shale Group to Navan Beds type basal carbonate sequences.

#### Basal Clastics Sequence

##### *Old Red Sandstone Facies*

The uppermost Old Red Sandstone lithologies recorded in the area are pale to white calcareous sandstone with black mudstone specks and rip-up clasts.

#### Lower Limestone Shale Group

The Lower Limestone Shale Group represents the initial marine flooding at the start of the Carboniferous transgression over the Old Red Sandstone continent. The Lower Limestone Shale sequence in the Limerick area is largely understood from coastal sections and the Pallaskenry borehole. The Lower Limestone Shale Group is subdivided into the Mellon House Formation, the Ringmoylan Formation and the Ballyvergin Formation.

##### *Mellon House Formation*

The Mellon House Formation succeeds the pale-cream and white terrestrial sandstones of the uppermost Old Red Sandstone facies and is composed of dark-grey laminated siltstones, grey fine-grained sandstones and calcareous shales. Flaser-bedding and cross-stratification are common as are desiccation cracks. The Formation is 34.4m thick in the Pallaskenry borehole (LI-68-10), and is known to thicken to the north, but it thins to the northeast and east, being 12.5m in thickness at Ballyvergin.

##### *Ringmoylan Formation*

The Ringmoylan Formation is largely composed of dark-grey to black calcareous shales, with subordinate thin beds or bands of bioclastic limestone which are estimated to form only 20 – 30% of the formation. The formation is 31m thick at Pallaskenry, but thickens northwards where 47m is recorded at Shannon and then thins northeastwards, with 23.5m at Ballyvergin.

##### *Ballyvergin Formation*

The Ballyvergin Formation (or Ballyvergin Shale) overlies the Ringmoylan Formation and is composed of a distinctive green-grey non-calcareous mudstone with siltstone laminae. The formation varies from about 5m to 10m and marks a distinctive transition from argillaceous dominated sequence below to a carbonate dominated sequence above.

#### Argillaceous Bioclastic Limestone Group

The Argillaceous Bioclastic Limestone Group is composed of two formations, the Ballymartin Formation and the overlying Ballysteen Formation.

##### *Ballymartin Formation*

The Ballymartin Formation is composed of thinly-bedded pale-grey muddy limestones and dark-grey calcareous shales. The proportion of shale to limestone is approximately 1:1. The Formation varies between 11.45m and 45.6m in thickness in the Limerick area. It is equivalent to the Lower Pale Limestone at Gortdrum and the Lower Ballysteen Limestone at Silvermines. It is distinguishable in core, but rarely outcrops and in mapping is generally shown as included within the Ballysteen Limestone Formation.

### *Ballysteen Formation*

The Ballysteen Formation is distinguished from the underlying Ballymartin Formation by the development of thick, rather than thin, bedded, bioclastic, slightly argillaceous limestones with the initial unit forming a distinctive carbonate rich (>90% limestone) marker. Above this, the formation can be sub-divided into three separate units, a lower unit of dark, well-bedded argillaceous wackestones, an upper unit of more markedly argillaceous limestones and a formally named uppermost unit, the Ballynash Member (also termed the Wavy Nodular Limestone or Nodular Micrite Unit), composed of nodular micrites (frequently cherty) and shales that immediately precedes the onset of Waulsortian limestone deposition.

### *Limerick Limestone (Waulsortian) Formation*

The Waulsortian limestones (Limerick Limestone Formation) form the primary host rock for hydrothermal alteration and base-metal mineralisation in the southern Irish Midlands (Stonepark, Pallas Green, Silvermines, Lisheen, Galmoy, Tynagh etc.). The Waulsortian forms a complex composed of stacked mounds, sheets or tabular bodies of massive to poorly bedded biomicrite wackestone with large cavity spaces (stromatactis) infilled with reworked calcite muds and fibrous or later blocky calcite spar cements. These clean limestone units may be separated by slightly argillaceous to argillaceous (frequently cherty) “intermound or offbank” beds referred to as Waulsortian equivalent facies by some workers.

Drilling in the Stonepark and Pallas Green areas indicates a highly variable thickness pattern in the Waulsortian on the northern limb of the Limerick syncline, from 140m to 440m, almost certainly related to differential subsidence across syn-depositionally active structures. Evidence from drilling at Newcastle indicates that the formation thickens to the west.

### *Lough Gur Formation*

The Waulsortian limestones are overlain by dark-grey to black cherty argillaceous wackestones of the Lough Gur Formation. The Lough Gur Formation is equivalent to the Crosspatrick Formation in the Rathdowney Trend (Lisheen/Galmoy) and the Oldcourt Cherty Limestone Formation (Silvermines District). Formation thickness is variable, initially infilling relict topography on the upper surface of the Waulsortian mound complex, it is estimated at 100m in the east of the Limerick syncline, appearing to thin westwards. The upper part of the formation may contain tuffs and lavas associated with the onset of volcanism and the lavas and volcanogenic sediments of the Knockroe Volcanic Formation.

### *Knockroe Volcanic Formation*

The Knockroe Volcanics consists of a complex package of volcanoclastic sediments, lavas and igneous intrusives of alkali basalt to trachytic composition. The initial phase of alkali basalt activity is marked by the emplacement of a significant number of large diatremes ranging from 100-500m in diameter and related to surface Maar cone development on the Carboniferous land surface at that time. The Knockroe volcanics vary in thickness from 250 to 500m and dating of interbedded limestones indicates a largely Chadian age for the volcanism, younging from west to east. Intrusives consists of a swarm of alkali basalt sills and dykes hosted within the Waulsortian and Lough Gur Formations and a late stage suite of porphyritic trachyte-syenite dykes and plugs.

### *Herbertstown Limestone Formation*

The lower part of the Herbertstown Limestone Formation was deposited during the end of the Knockroe volcanism and is composed of coarse grainstones, composed of oolitic and coralline limestones. Deposition of Herbertstown facies continued for a significant period, from the late Chadian to the early Asbian and a total thickness of 500m is estimated for the formation. North of the Stonepark area, the formation can be sub-divided into sub-units based on carbonate shelf facies.

### Structure

The dominant regional structural feature of the Stonepark Project area is the large, roughly east-west trending Limerick Syncline, with the Stonepark occurrences located at the northwestern edge of the syncline. The Limerick Syncline marks a significant change in structural regime in southwest Ireland, with roughly NE-SW trending peri-anticlinal fold systems to the northeast of the area at Silvermines, Devils Bit and the Slieve Phelim hill ranges, rotating to a more ENE trend to the southwest of the syncline.

The distribution and timing of volcanism suggests a strong E–W oriented structural control on the volcanism and significant variations in formation thicknesses and facies distributions from the lowermost Courcyeen to the Asbian

indicates on-going syn-depositional structural movements. The significant thickness variations in the Waulsortian complex are indicative of significant tectonic activity during Waulsortian deposition.

Of particular note is the fact that the main major structures controlling mineralisation, i.e. the “feeder structures” have not yet been located within the Limerick area. This is of great significance as it has been determined that at the known major deposits with similar mineralisation and alteration systems (such as those at Lisheen, Galmoy and Silvermines), the thickest and highest-grade mineralisation (i.e. the bulk of the mineable metal) is located in the immediate hanging wall and proximal to the main structures.

Drilling to date at the Stonepark Project has not intersected any large normal faults but the mineralized zone has a strong NS to NNE trend which is discordant to stratigraphy and so implies a structural control. It is likely that, as at other Irish deposits (e.g. Lisheen, Galmoy, Kilbricken), the morphology of the mineralised bodies is at least partly controlled by accommodation faults orthogonal to the primary controlling structure (which has not yet been located).

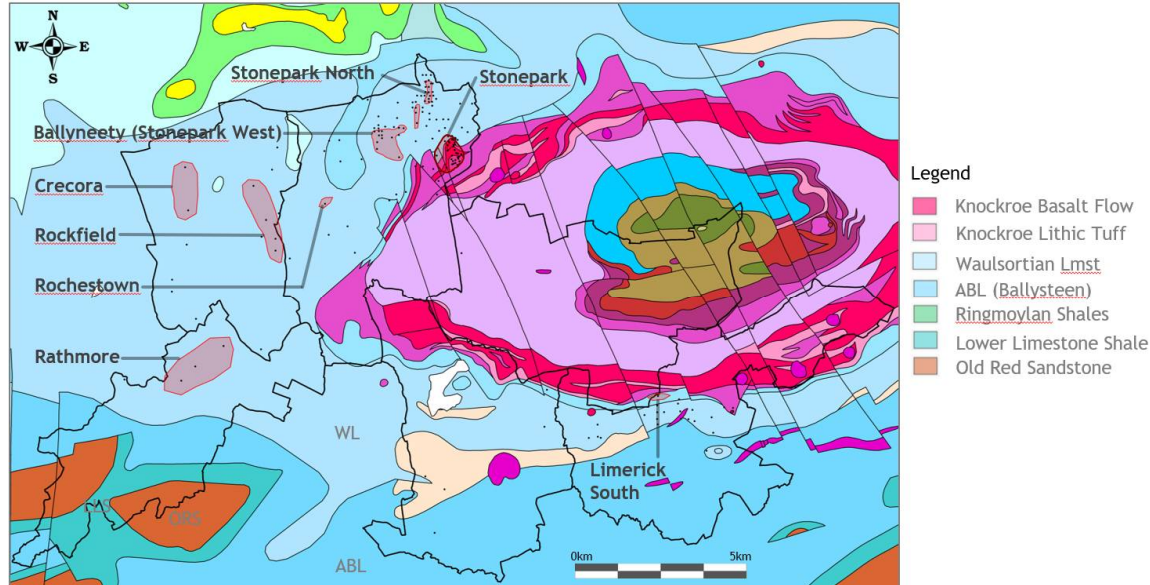
It is not unusual for these accommodation faults to have relatively small offsets, which are not easily observed unless drilling is closely spaced. For example, the K Zone at Galmoy is a narrow, linear orebody, extending >1km from the G Fault at Galmoy. There is little obvious movement on the structure, but evidence for it was identified underground, and its trend clearly implies structural control.

### Mineralisation and Alteration

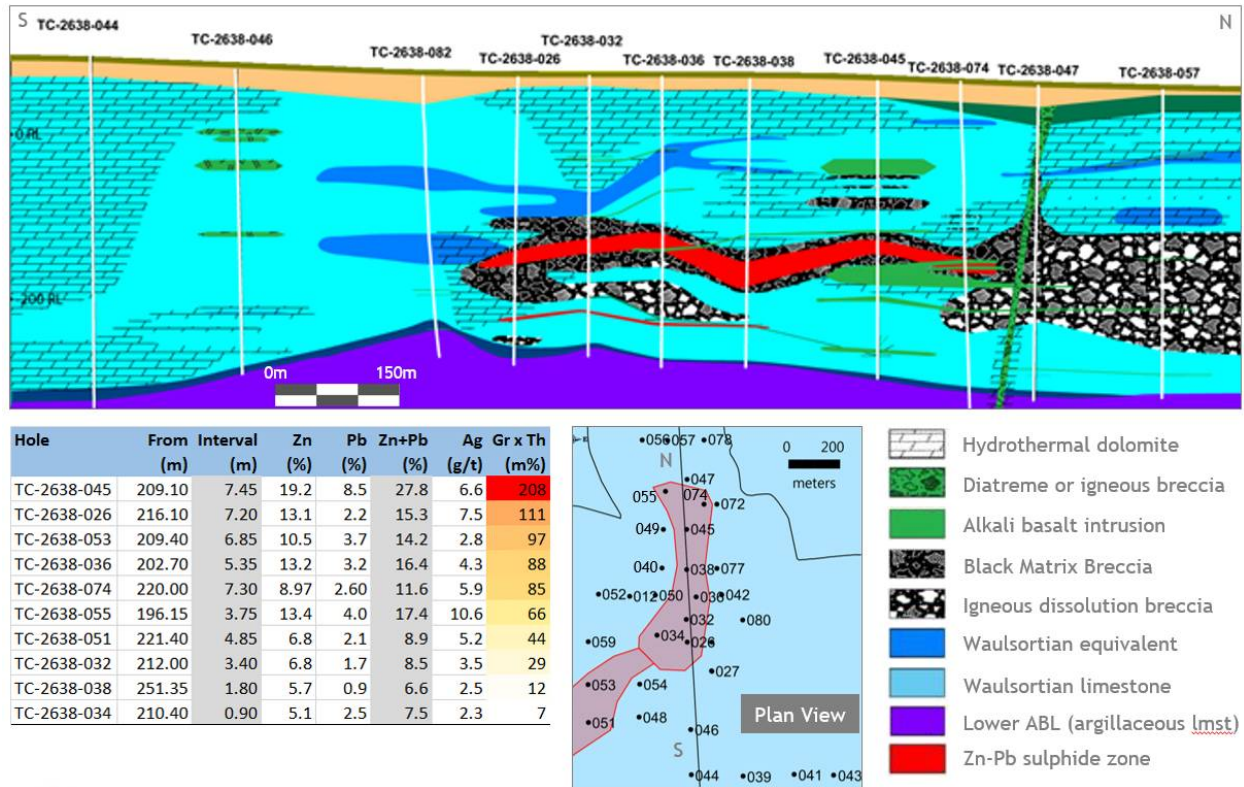
#### *Stonepark Project Block*

The bulk of the high-grade zinc-lead mineralization at the Stonepark Project occurs in flat-lying, stratiform (1.0 to >7.5m thick) lenses (see Exhibit 22) of massive and semi-massive sphalerite, galena, and pyrite hosted within thick (10 to >75 m) hydrothermal alteration bodies (primarily Black Matrix Breccias) within the Waulsortian Limestone Formation. Colloform growth textures are common within these lenses, with alternating bands of dark to light-brown sphalerite, galena and pyrite. Disseminated pyrite (1 to 5%) frequently occurs in the breccia matrix bodies, with trace sphalerite and galena occurring locally, particularly above zones of high-grade massive sulphide.

### **Exhibit 22. Prospect and geology map the Stonepark Project, Ireland.**



**Exhibit 23. Longitudinal Section (and related drill summary) of the Stonepark North prospect at the Stonepark Project, Ireland.**



In general, sulfides clearly replace the matrix and clasts (in that order) of the black matrix breccia. However, massive sulphide clasts (with truncated sulphide textures) also occur as clasts within the breccia. Significant evidence for open space fill by finely-laminated mineralisation or finely-laminated dolomites and sulfides is present.

Distal to the main Stonepark alteration and mineralisation zones, a number of significantly altered boreholes have been identified within the Stonepark Project, e.g. hydrothermal breccias and sulfides at Ballyneety, weak mineralisation (0.6m @ 6.5% Zn) at Crecora; thread dolomite veining with sulphides (including sphalerite) and haematitic alteration at Rockfield; and very strong and extensive haematitic alteration at Rathmore. Such haematization has been shown to be part of an alteration spectrum from weak haematization to ironstone (Hitzman et al. 1995, Cruise, 1996, 2000) which has been shown to be associated with base-metal hydrothermal systems in Ireland. These distal alteration and mineralisation occurrences indicate the presence of hydrothermal systems distal to, or separate from, the Stonepark occurrences and warrant significant follow-up to investigate the nature and extent of these hydrothermal systems.

#### *Comparison with Silvermines and the Rathdowney Trend Deposits*

While the Pallas Green trend mineralization (including Stonepark) shows many similarities in host rock, alteration and mineralisation styles, it has become apparent that there are some differences between the Pallas Green trend mineralization and the other black matrix breccia enveloped base of Waulsortian deposits (i.e. Silvermines and the Rathdowney Trend deposits at Lisheen and Galmoy).

At Silvermines and in the Rathdowney Trend, the mineralisation is almost entirely confined to the immediate base of Waulsortian interval (i.e. the base of the mineralisation is at, or just above, the base of Waulsortian) and total thickness of mineralisation and alteration rarely exceeds 30 – 40m. In the Pallas Green trend, the base of mineralisation is frequently some 10s of metres above the base of Waulsortian and combined mineralisation/alteration packages frequently reach over 100m (and locally >200m) in thickness.

To date, Glencore plc have reported an inferred resource of 44 million tonnes (JORC compliant; as at 31 December 2016), excluding several “pods” of mineralisation of lower grade or distance from the defined resource.

It is apparent therefore that the real and vertical extent and overall magnitude of the hydrothermal systems along the Pallas Green trend is significantly greater than both the Silvermines District and the Rathdowney Trend. No major controlling structures to the mineralisation have yet been identified and it remains possible that the identified mineralisation, already greater than Silvermines and Rathdowney, may only be the distal part of a very large system with the deposit controlling structures and associated thickest and highest grade mineralisation yet to be located.

### Mineralogy

The mineralogy of the Stonepark mineralisation is broadly typical of Irish Type deposits. The sulphide mineralogy is reported to be relatively simple, composed of sphalerite, galena, pyrite and minor marcasite. The sulphides are frequently in the form of finely laminated or colloform textures, similar to other base of Waulsortian deposits in the southern Irish Midlands.

The sphalerite is primarily fine-grained in form, varying in colour from pale-grey to honey-yellow, cream, brown and dark red. Coarse yellow “honeyblende” occurs locally, associated with late stage carbonate veining. Two main textural styles of sphalerite occurrence have been recognised: 1) disseminated, fine-grained sphalerite in BMB or associated with dolomite and 2) massive, frequently colloform colour banded sulphides.

Galena is associated with the sphalerite, in a number of forms, as finely disseminated crystals, euhedral crystalline blebs or coarse crystal masses in veins and cavities. The galena is typically coarser than the sphalerite. Local galena and pyrite rich zones are also present above the main massive sulphide accumulations.

### *Deposit Types*

The Stonepark Project is considered highly prospective for Irish Type zinc-lead deposits within the Lower Carboniferous sedimentary package and specifically the base of Waulsortian Reef.

Stonepark mineralization fits into the carbonate-hosted zinc-lead deposit sub-type known as “Irish Type” and shows many similarities to classic mined or undeveloped Irish Type deposits such as Silvermines, Lisheen, Galmoy and Pallas Green. Specifically, the Company is focused on the Waulsortian-hosted sub-set of the Irish Type deposits.

For a description of the Irish Type deposits see “ - The Ballinalack Project - Geological Setting and Mineralization - Deposit Types”.

The Stonepark Project forms part of a much larger ground holding in the Limerick basin held by the Company and is significant as it contains mineralisation along strike from the Glencore Pallas Green deposits, the main structure(s) controlling mineralisation have not been identified to date and a number of areas distal to the Stonepark mineralisation and alteration have intersected “Irish Type” hydrothermal alteration in isolated boreholes indicating the presence of hydrothermal alteration centres outside the Stonepark footprint.

The Waulsortian Limestones in the Limerick Basin are not initially diagenetically dolomitised, and in this respect, the Limerick Basin and Stonepark is more similar to Silvermines than the Rathdowney Trend deposits. Silvermines is well recognized to host replacement, dissolution and open space fill mineralization, associated with dissolution collapse breccias, cemented by hydrothermal dolomite and sulphides in the form of Black Matrix Breccias (“BMB”).

### Exploration

The Company acquired its interest in the Stonepark Project from TIL very recently (September, 2017). TIL’s comprehensive and high-quality project database is now owned by the Company. The Company has not commenced any field-work on the Stonepark Project. The Stonepark Project now forms part of a much larger contiguous block of PLs in the Limerick Basin held by the Company directly or through its joint venture interest in TILZ.

### *Exploration Targets*

The primary target within the Stonepark Project and the Company’s adjacent PLs will be typical Southern Irish Midlands base or near base of Waulsortian sulphide bodies hosted within hydrothermal alteration (BMB) envelopes. At both Pallas Green and the Stonepark Project, no major controlling structures have been identified in relation to the known mineral occurrences, and it is highly likely that the most significant parts of the hydrothermal system have not yet been located.

Potential for Cu-Ag mineralisation within the sub-Waulsortian stratigraphy exists, as the Gortdrum deposit may represent a hydrothermal feeder system to overlying Waulsortian-hosted Zn-Pb-Ag mineralisation.

### *Exploration Methodology*



### Data Integration

Initially, the large TIL datasets will be integrated into the Company's existing GIS database for the existing PG West PLs, adjoining the Stonepark Project. The combined dataset will form the base for a detailed regional basin structural and stratigraphic assessment which will be directed to identifying more prospective areas and structurally controlled corridors for targeted exploration.

Previously recorded formation facies and thickness variations have been identified in nearly all parts of the stratigraphy from the Lower Limestone Shale Group to the Asbian shelf and volcanic rocks and thickness variations in the Waulsortian and overlying Chadian – Arundian carbonates and volcanics are considered to be especially significant in locating potential mineralisation controlling structures.

### Seismic Reassessment

Over the last few years, seismic profiling has been the main tool for target reduction and refinement in Ireland, attributed to the great success in the discovery and delineation of the SWEX SE “deeps” at Navan. Similar to other geophysical exploration methods, the processing and interpretation is key. The Company will use the same consultants who pioneered the seismic approach at Navan to re-assess the Stonepark Project's seismic survey results obtained by TIL to assist in unlocking the deeper potential of the Company's Limerick Basin holding (including the Stonepark Project) in the context of basin tectono-stratigraphic evolution. Seismic profiles providing definition to depths of up to five kilometres and more reveal deep-seated structurally-controlled plumbing for hydrothermal systems significantly below conventional and historical drilling depths generally within a few hundred metres and up to one kilometre below surface.

The results of these studies reveal the main hydrothermal conduits which can be traced closer to surface and highly prospective areas where they intersect the target horizon nearer surface. It is critical to know if these structures were active in the right geological time interval and for this, a detailed knowledge of the stratigraphy and the evolution of the basin is key. This is a new and exciting integrated approach to exploration in Ireland pioneered very successfully and only relatively recently by New Boliden and its consultants. To implement effectively, it is necessary to control large contiguous land areas, as such acreage is required to facilitate shooting seismic lines with a minimum of 25 kilometres in length. The Company is one of the first to assemble such strategic land-holdings in the southern part of the Irish ore-field.

### Ground Investigations

Following the delineation of prospective areas or structures, these will be targeted with geochemistry, geophysics and drilling.

### Drilling

Little drilling was undertaken on the Stonepark Project prior to the TIL tenure, with only a limited number of generally shallow drill holes completed (average depth of 65m). All drilling has been diamond drilling with core recovery of varying sizes. Drilling procedures were not well documented for any drilling carried out prior to TIL's drill programme. TIL completed a total of 133 drill holes within the Stonepark Project area, the majority directed at Stonepark, Stonepark North and Ballyneety (see Exhibit 24). Drilling also focussed on testing a possible south-westward extension of the Stonepark North occurrence towards Ballyneety. Other drilling within the Stonepark Project was more spatially distributed, with a number of encouraging intersections of alteration and mineralisation intersected and significant potential for follow-up of these areas.

#### **Exhibit 24. Summary of Drilling Completed at the Stonepark Project**

| <b>PLA No.</b>     | <b>Pre-Teck<br/>No. of DDH</b> | <b>Pre-Teck<br/>Drilling<br/>(m)</b> | <b>Teck<br/>No. of<br/>DDH</b> | <b>Teck<br/>Drilling<br/>(m)</b> | <b>Total<br/>DDH</b> | <b>Total<br/>Drilling<br/>(m)</b> |
|--------------------|--------------------------------|--------------------------------------|--------------------------------|----------------------------------|----------------------|-----------------------------------|
| PLA 2638           | 27                             | 512                                  | 103                            | 44,804                           | 130                  | 45,316                            |
| PLA 2927           | 0                              | 0                                    | 15                             | 5684                             | 15                   | 5684                              |
| PLA 3367           | 1                              | 92                                   | 3                              | 586                              | 4                    | 678                               |
| PLA 449            | 4                              | 573                                  | 1                              | 639                              | 5                    | 1212                              |
| PLA 450            | 14                             | 1798                                 | 10                             | 2127                             | 24                   | 3925                              |
| PLA 2531           | 0                              | 0                                    | 1                              | 927                              | 1                    | 927                               |
| <b>Block Total</b> | <b>46</b>                      | <b>2975</b>                          | <b>133</b>                     | <b>54,767</b>                    | <b>179</b>           | <b>57,742</b>                     |

## Sampling, Analysis and Data Verification

### *Sampling*

The Company has not yet carried out any sampling on the Stonepark Project. Little or no sampling of core took place prior to TIL's involvement. For a description of TIL's sampling procedures, see "Business of the Company - The Ballinalack Project - Sampling, Analysis and Data Verification - Sampling".

### *Analysis*

For a description of TIL's analysis procedures, see "Business of the Company - The Ballinalack Project - Sampling, Analysis and Data Verification - Analysis"

### *Data Verification*

The Company has not gathered any data on the Stonepark Project. However, the Company acquired the TIL database and the Authors have carried out data verification on that. The Authors have used the EMD's open file system to check randomly chosen drill logs and drill log summaries in order to verify the data in the database. No certificates of analysis are available for historic drillholes, however analysis results are handwritten into some of the drill logs and a selection of these has also been checked.

Depths were recorded in feet, and there are some very minor discrepancies arising from rounding of decimal places, but none are significant. One historic barren drillhole is recorded with the incorrect total depth in the collars file, but is correctly captured in the downhole lithology file. No other such discrepancies were noted.

Regarding the TIL drillholes, the data were verified in a number of ways. The Authors visited the core shed and were able to visually check drillhole depths, numbers, and assay results against both the TIL drill logs and the data provided by the Company. Drillhole location maps were also compared against the reported coordinates in licence reports submitted by TIL to EMD, for a random selection of drillholes. No significant errors were observed.

## Further Exploration Activities Proposed

### *Summary*

The Authors determined that the Stonepark Project is of sufficient technical merit to warrant the recommendation of a robust, two-phase exploration programme. The Company will adopt the Authors' recommendations.

Phase 1 will focus on (i) confirmatory and expansion drilling at Stonepark North, Stonepark and Ballyneety (Stonepark West) and (ii) a regional tectono-stratigraphic analysis, based in part on seismic surveys; while Phase 2 will follow on from Phase 1 and focus on additional seismic work, expanding known mineralization and exploring regional targets. Phase 1 and 2 are expected to each be completed within a consecutive 12-month period (i.e. 24 months in total). Phase 2 will be conditional on satisfactory outcomes from Phase 1.

### *Phase 1 – Confirmatory (and Step-Out) Drilling and Basin Analysis*

Phase 1 will focus on confirmatory and expansion drilling at Stonepark North, Stonepark and Ballyneety (Stonepark West), with a view to determine the full extent of seemingly horizontal mineralization, as well as, tracing this mineralization back to a controlling structure. Seven (7) holes (four, one and two holes at Stonepark North, Stonepark and Stonepark West, respectively) are recommended. Importantly, drilling should be conducted with inclined (e.g. -60 or -70 degrees) holes, as opposed to the vertical holes which have been used thus far to identify the known mineralization. Moderate step-outs (e.g. 25-50m) should be drilled where appropriate.

Concurrent with Phase 1 drilling, GERC should conduct a relatively large seismic survey line on the northwestern portion of the Project area. Twenty-five (25) line kilometres are recommended. On a property scale, the seismic line should aim to identify large-scale, basin controlling structures likely related to mineralization.

### *Phase 2 – Regional Exploration*

Phase 2 will focus on larger step-out drilling in the Stonepark North – Stonepark – Stonepark West area. Eight (8) holes are recommended. In parallel, drilling will focus on testing the outcomes of the seismic surveys from Phase 1. At least three (3) holes are recommended. Phase 2 should also include a ten (10) line kilometre seismic line towards the south-eastern portion of the Project area.

### *Budget*



Phase 1 and 2 exploration at the Stonepark Project is expected to cost \$1,312,503 and \$1,151,897, respectively, or \$2,464,400 in total, excluding VAT (see Exhibit 25, below).

**Exhibit 25. Budget for Phase 1 and Phase 2 for the Stonepark Project, Ireland.**

| Activity     | Phase 1          | Phase 2          | Total            | Percent     |
|--------------|------------------|------------------|------------------|-------------|
| Drilling     | 384,790          | 665,800          | 1,050,590        | 43%         |
| Geophysics   | 588,000          | 235,200          | 823,200          | 33%         |
| Other        | 339,713          | 250,897          | 590,610          | 24%         |
| <b>Total</b> | <b>1,312,503</b> | <b>1,151,897</b> | <b>2,464,400</b> | <b>100%</b> |
|              | 53%              | 47%              | 100%             |             |

THE SILVERMINES PROJECT

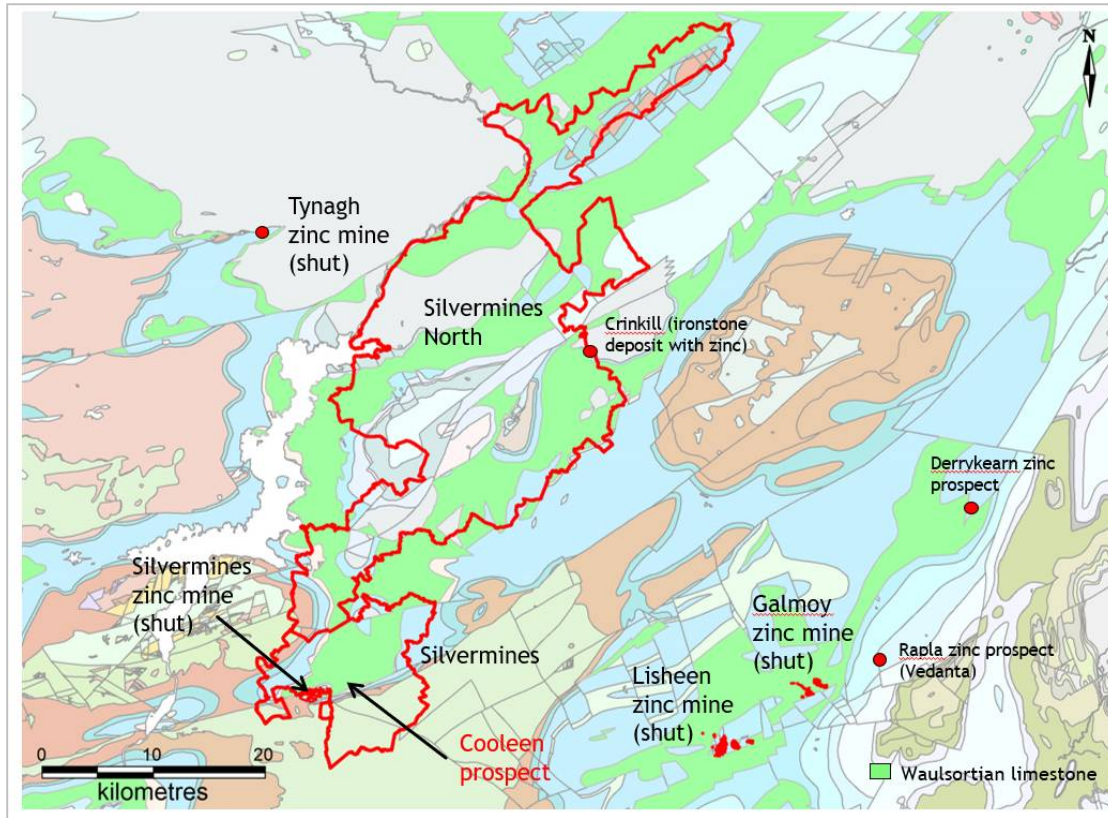
The following represents information summarized from the Technical Report entitled “*NI 43-101 Independent Report on a Base Metal Exploration Project at Silvermines, County Tipperary, Ireland*” with an effective date of November 20, 2017, and prepared for the Company by EuroGeol Dr. John G. Kelly, PGeo, MIMMM and EuroGeol Paul Gordon, PGeo, MSc of SLR Consulting (Ireland) Ltd., in accordance with National Instrument 43-101. A complete copy of the Report is available for review, in colour, on the System for Electronic Document Analysis and retrieval (SEDAR) located at the following website: [www.sedar.com](http://www.sedar.com). Alternatively, the Report may be inspected during normal business hours at the Company’s registered office, 2200 - 885 West Georgia Street, Vancouver, British Columbia.

Project Description, Location and Access

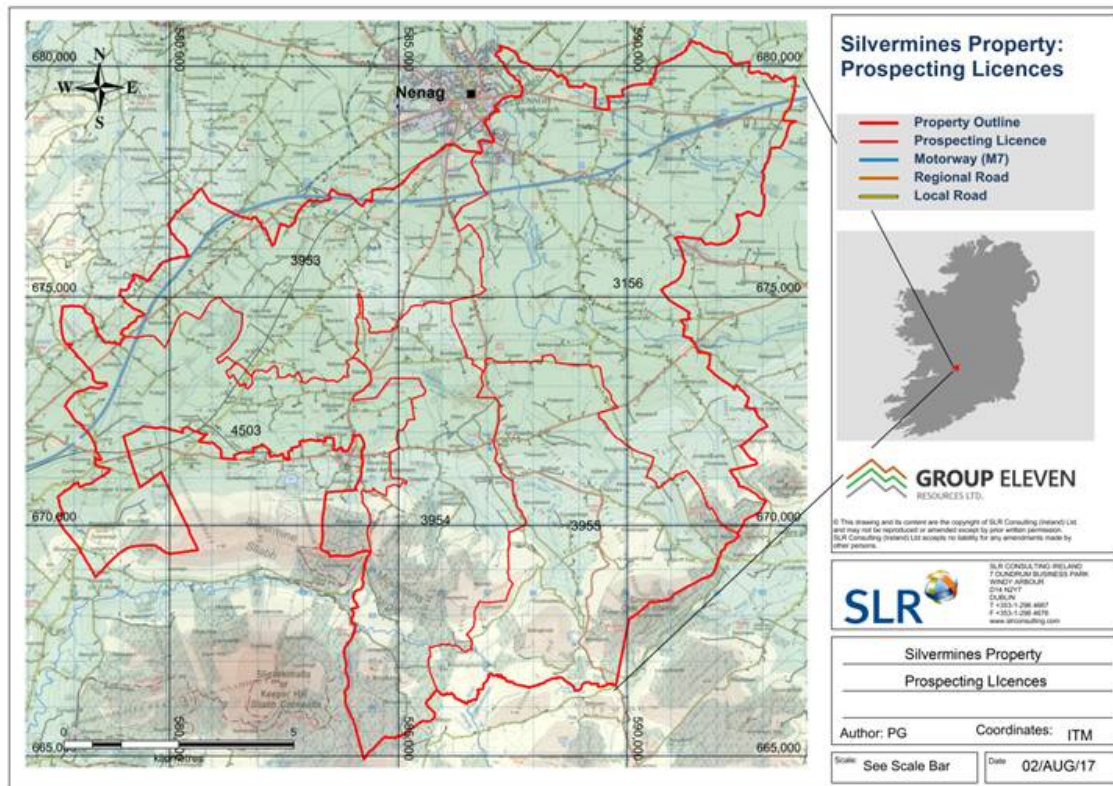
*Location and Means of Access*

The Silvermines Project is located eight kilometres south of the market town of Nenagh on the northern flank of the Silvermines Mountains of northern County Tipperary and covers an area of 133 square kilometres (see Exhibit 26). Nenagh is the second largest town in the county of Tipperary with a population of 8,000 people. Access to the Silvermines Project is excellent. Nenagh is 162 kilometres southwest of Dublin on the M7 and 40 kilometres northeast of Limerick, the Republic of Ireland’s third largest city. The villages of Silvermines and nearby Dolla are five kilometres from the M7 motorway, accessed from the M7 on R497 to Dolla and then west along R499. A dense secondary and tertiary road network covers the entire Silvermines Project area and provides for easy vehicular access all year round. A branch line off the main Dublin to Cork railway line runs through the western part of the Silvermines Project area, connecting Roscrea with Limerick.

**Exhibit 26. Property location map of the Silvermines Project (and Silvermines North Project) Ireland.**



**Exhibit 27. Licence location map of the Silvermines Project, Ireland.**



The Silvermines Project is made up of five (5) contiguous PLs which form a single strategic block of exploration ground. The PLs are held by the Company's indirect wholly-owned subsidiary Group Eleven Mining Ltd. ("**GEME**"). The boundaries of the PLs correspond to official, pre-defined, administrative boundaries as outlined by the EMD. The PL outlines are irregular, based on river and stream drainages and townland boundaries.

*Nature and Extent of Title*

See above section titled “- The Ballinalack Project - Project Description, Location and Access - Nature and Extent of Title” for a description of the Irish mineral tenure system.

**Exhibit 28. Minimum spending requirements for the Silvermines Project, Ireland.**

| <b><u>Area No.</u></b> | <b><u>County</u></b> | <b><u>Years 1-2</u></b> | <b><u>Years 2-4</u></b> | <b><u>Years 4-6</u></b> |
|------------------------|----------------------|-------------------------|-------------------------|-------------------------|
| PL 4503                | Tipperary            | €2,500                  | €2,500                  | €2,500                  |
| PL 3953                | Tipperary            | €10,000                 | €15,000                 | €20,000                 |
| PL 3954                | Tipperary            | €2,500                  | €2,500                  | €2,500                  |
| PL 3955                | Tipperary            | €2,500                  | €2,500                  | €2,500                  |
| PL 3156                | Tipperary            | €10,000                 | €15,000                 | €20,000                 |
| Totals:                |                      | €27,500                 | €37,500                 | €47,500                 |

The PLs comprising the Silvermines Project were issued to GEME on 27th September 2016. The PLs allow GEME to prospect for base metals, barite, silver and gold within the limits of the licensed area, and are valid for a period of six years from the issue date.

*Existing Royalties or Other Encumbrances*

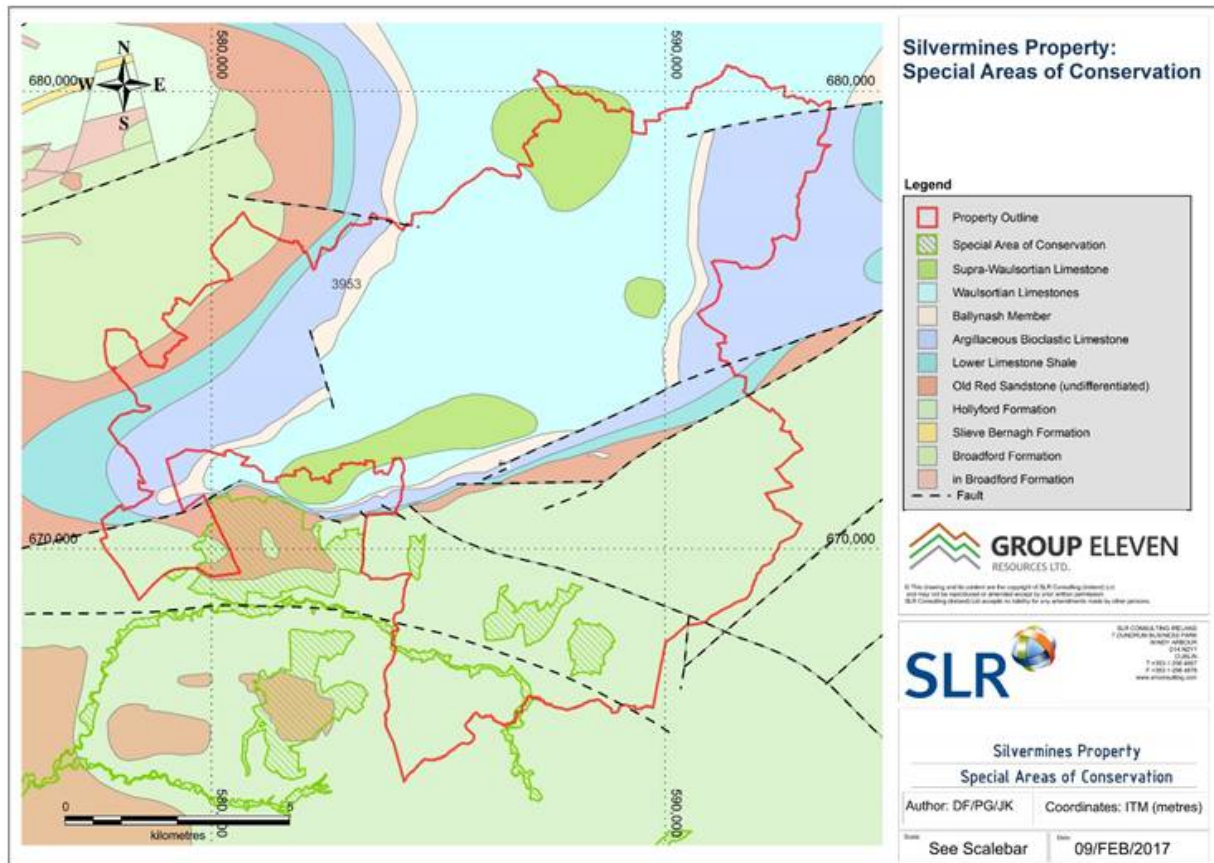
There are no existing royalties, overrides, back-in rights, payments or other agreements or encumbrances to which the Silvermines Project is subject.

### *Protected Areas Affecting the PLs*

See “- The Ballinalack Project - Project Description, Location and Access - Protected Areas Affecting the PLs” for a description of the types of protected sites designated by the National Parks and Wildlife Service of Ireland.

The Project area contains relatively small areas categorized as SAC and SPA, located on the southern portion of the property (see Exhibit 29), however, NHA areas are not present. One area of pNHA (00939 Silvermines Mountain) is located on the property contiguous with the Silvermines Mountains SAC. Note, NHA and pNHA areas are not required to be considered when screening for appropriate assessment.

### **Exhibit 29. Protected Areas (SAC) at the Silvermines Project, Ireland.**



### *Factors Affecting Access or Title*

The Company is not aware of any significant factors, risks or issues that might impact access or title or the right or ability to perform work on the Silvermines Project. There are no permits on the properties nor is any required for the recommended work programme.

In January 2017, several cattle in the Silvermines area died and were subsequently found to be contaminated with elevated levels of lead. Milk from a few farms in the area was tested and deemed unfit for human consumption, affecting the livelihood of the farmers in question. This incident triggered a government interdepartmental investigation into the causes of the poisoning. Media reports suggest the cause of the contamination may be primarily related to tailings which were disturbed during a flooding event in 2015. Under Irish mineral legislation, newly issued prospecting licenses (such as the Company's Cooleen PL 4503) do not hold any legacy environmental liabilities. At the Company's request, EMD has recently provided a signed letter to the Company confirming that it is not liable for any damage caused by former Prospecting or State Mining Facility Licence holders in the Silvermines area.



## History

### *Early Mining Activities in the Vicinity of the Silvermines Project*

The earliest recorded history of mining at Silvermines dates back to the early 9th century, when it is believed that silver-rich galena was mined from Shallee, approximately 3.5 kilometres west of Silvermines village. From the 16th to the 19th century, episodic mining along the major fault (the “**Silvermines Fault**”) which down-throws Lower Carboniferous carbonates on the north of the fault against more resistant Devonian Old Red Sandstone and Silurian meta-sediments, extracted copper, silver, lead zinc and sulphur ores. The first record of lead production (Hunt, 1848; in Cole, p. 122, 1998) was 209 tons of mineralization (yielding 125 tons of lead and 12,000 oz. of silver) in 1852. In later years, the output became much smaller ending in 2 tons.

Zinc was considered waste material until efficient sulphide processing technologies were developed in the early 20th century. In the 20th century, mining of calamine (smithsonite) at Ballygown South and of argentiferous galena at Shallee (silver-rich lead sulphide) continued sporadically until 1958. As the name Silvermines implies, this district has been known throughout history for its mining of argentiferous lead ores.

With the discovery of the Tynagh zinc-lead mine, by the Northgate Group in 1960, the rush to explore the Irish midland basin commenced in earnest. In 1963, major base metal and associated barite deposits were discovered in the Silvermines district by diamond drilling at what was to become the “K” zone. Between 1968 and 1982 Mogul of Ireland produced approximately 10,783,859 tonnes, of ore grading 7.4% Zn and 2.7% Pb (Andrews, 1986). Magcobar Ireland Ltd. produced about 4Mt tonnes of 85% BaSO<sub>4</sub> (> 4.2 S.G.) lump barite to the end of 1990 (Boland et al, 1992). Ennex International Plc (“**Ennex**”) explored the areas adjacent to the mine between 1984 and 1996 to try and add to the remaining geological historical estimate of 6.9 million tonnes averaging 5% Zn and 2.3% Pb (Andrews, 1986). It has not been possible to ascertain the details of the methods used, nor the assumptions made, in calculating the historical estimate.

Most of the historic Silvermines deposit is located outside the Company’s PLs but it has not been possible to either confirm the resources nor to determine what portion is within the PLs. Significant compilation of data, re-drilling and re-sampling and data verification would need to be carried out by a Qualified Person before the historical estimate can be classified as a current resource. Such work is not considered to be a priority at this stage in the development of the Silvermines Project. A Qualified Person has not done sufficient work to classify the historical estimate as a current resource and the Company is not treating the historical estimates as current resources.

### *Historical Activity in the Silvermines Project Area*

The Silvermines Project wraps around the retired mining leases over the closed Silvermines Mine, which ceased operations in 1982. The PLs are North, East and West of the closed mine. The history of discovery (1963) and mining at Silvermines is relevant to the Silvermines Project because exploration naturally evolved and migrated very slowly eastward from the initial discovery and mine areas into what is the Silvermines Project and it is instructive to understand this development.

After the Silvermines Mine closed, Ennex acquired Mogul of Ireland Ltd. and commenced exploring very close to the mined out mineralised bodies, with small incremental “step out” drilling. In 1983, a high-grade black sludge of non-sulphide residual mineralization of 41 feet (12.5 meters) averaging 13% Pb and 12% Zn was intersected in the eastern part of the K Zone. This was similar to that previously discovered at the Tynagh Mine in Co. Galway. This was a pivotal point in post mine exploration and propelled the exploration effort onto a new trajectory targeting the potential for high-grade residual non sulphide deposits.

Two diamond drillholes, 76-84-1 and 76-84-2, were drilled by Ennex in 1984 to test a strong zinc-lead geochemical anomaly defined by deep overburden sampling. No significant mineralization was encountered apart from sludge samples from a cavity between five and 14 metres depth in DDH 76-84-2. It was determined that a fault was required between these drillholes trending north-northwest or west-northwest.

In the late 1980’s, the focus moved northwards in the Silvermines Project area to test areas just to the southeast of Nenagh town for primary sulphide mineralization. In 1991, a deep penetrating gradient array survey highlighted some anomalies about one kilometre northeast of the B zone. Previously in this area, four out of five completed drillholes had intersected weak mineralization and there was a realization after the discovery of Lisheen and Galmoy that the necessity for close proximity to a major fault system was not considered crucial to success.

In 1992, three widely spaced holes were drilled in what was to become the Cooleen Prospect, northeast of Silvermines village. These holes intersected significant dolomitization, brecciation and mineralization. This was

certainly enough encouragement to persist with the exploration effort. In mid-1993, Ennex formed a joint venture partnership with Rayrock Yellowknife Resources Inc. (“**Yellowknife**”).

Yellowknife financed the drilling of 17 more drillholes from August 1993 for a total of 23,155 feet (7,058 metres). In addition, five widely spaced drillholes NX-20, 21, 22, 23 and 24 were drilled in 1996 in the townlands of Cooleen, Kilboy and Cloonagh before Ennex ceased exploration in the area. Large step out drilling did not build on the encouraging drill intersections in 1993 and 1994 but did demonstrate that dolomitization and weaker Black Matrix Breccia (“**BMB**”) mineralization (NX-22) did persist to the northeast of NX11 and NX-14 and there were significant open areas untested by drilling.

Further east of the Silvermines Project, Noranda Inc. drilled three drill holes (N-3904-1, 2 and 3) testing geophysical conductors on what is now PL 3955. These were in areas of Waulsortian “Reef” subcrop and therefore target depths were much shallower - from 100m to 200m. BMB was intersected in N-3904-3 above a shallow low angle fault at 124 metres depth and this was determined to be the cause of the EM anomaly. No mineralization of any significance was recorded in these drillholes although PL3955 is 25 square kilometres in area so the drilling density at one drill-hole for every eight square kilometres of prospective host rock stratigraphy is extremely low.

Four historical drillholes were completed within PL 3953. In the 2001-2002 license period, two drillholes by Noranda (N-3669-1 and N-3669) targeted reef sub-crops with the former targeted on a geophysical (EM) conductor combined with a low-order Zn soil geochemical anomaly, the latter targeted on a very high soil anomaly in an area of structural complexity close to the Silvermines deposit. Both holes failed to intersect any significant base metal mineralization apart from a small amount of fracture related pyrite in the second hole.

From the discovery of the Silvermines Mine in the early 1960’s until 1996, a total of 78 drillholes were completed episodically within the Silvermines Block. Drillholes were invariably vertical but only approximately 50 percent reached the target depth at the base of the Waulsortian Reef.

The Cooleen residual non-sulphide zinc-lead resource was discovered by Mogul of Ireland Ltd. (some 500 metres east-northeast of the Ballygown South residual non-sulphide deposit in the adjacent property which was part of the Silvermines mining leases. Together, the residual mineralization at K-Zone, Ballygown South and Cooleen contain a historical estimate of one million tonnes averaging 10.9% Zn+Pb (Boland, 1992). Significant compilation of data, re-drilling and re-sampling and data verification would need to be carried out by a Qualified Person before the historical estimate can be classified as a current resource. Such work is not considered to be a priority at this stage in the development of the Silvermines Project. A Qualified Person has not done sufficient work to classify the historical estimate as a current resource and the Company is not treating the historical estimates as current resources.

Subsequent to the discovery of these residual deposits, exploration for non-sulphide mineralization waned, and in the 1990’s, the exploration impetus shifted back to exploration for primary zinc sulphide deposits, primarily to the northeast of the B Zone. This was to lead to the discovery of the Cooleen Prospect which is now within the Silvermines Project.

#### Geological Setting, Mineralization and Deposit Types

##### *Geological Setting*

The geological evolution of Ireland is described above. See “ -The Ballinalack Project – Geological Setting and Mineralization – Geological Setting”.

##### Regional Geology

The regional geology at Silvermines is covered by Philcox (1984), Brück (1985) and the Geological Survey of Ireland (1996).

The Project area lies in the south-central part of the “Irish Midlands Mineralization Province” which extends across central Ireland and which constitutes one of the world’s major zinc and lead mineralization fields. Stratigraphically the Silvermines District is within “The Limerick Province” as described by Philcox (1984). The Province is dominated by a transgressive sequence of Lower Carboniferous (Mississippian) platform carbonate rocks, lying above a wedge of Upper Devonian red beds, which thin northwards. South of an east-west line between Dublin and Galway, the Irish Midland Province hosts major inliers of Old Red sandstones, conglomerates and mudstones, cored by Silurian mudstones, greywackes and conglomerates which tend to form mountains (resistant above the undulating Carboniferous plains). Within the Lower Carboniferous carbonate sequence, two stratigraphic intervals host the bulk of known zinc-lead deposits in Ireland: the Navan Group in the northern part of the Irish Midlands and the Waulsortian Limestone in central and southern Ireland.

The Irish Midlands is transected by numerous regional fault zones which strike predominantly east-northeast. These east-northeast faults follow a pre-existing Caledonide grain and along some segments act as plumbing systems for the mineralizing fluids. Many of the deposits also show local scale north-south or northwest trending faulting that appears to play a role in focusing hydrothermal fluids away from the main east-northeast feeders. Several distinct linear mineralization trends such as the Rathdowney Trend, the Tynagh-Ballinalack Trend and the Navan-Silvermines Trend follow the Caledonide grain.

The Silvermines mineralized district lies along a segment of the Navan-Silvermines Trend and along the southern side of broad post-Lower Carboniferous Kilmastulla Syncline which trends easterly to the west of Silvermines before swinging northeast through Nenagh and on toward Birr (Andrew, 1986). The Kilmastulla Syncline represents a southernmost physiographic expression of the Iapetus Suture or Central Midlands Syncline which runs southwest from Navan and the eponymous giant zinc-lead deposit through Tullamore to Nenagh (Phillips et al., 1976).

The Silvermines Mountains are located to the south of the Kilmastulla Syncline and the Arra Mountains are to the north of the syncline. The inlier forming the Silvermines Mountains is cored by Silurian turbidites and argillites. The inlier forming the Arra Mountains is cored by Llandovery greywackes and forms an east-west trending periclinal dome. Both of these Lower Palaeozoic inliers form part of the dissected Slieve Phelim – Slieve Aughty massif which was an active paleo high during the early Carboniferous (Andrew, 1986). To the northeast of Silvermines, the Lower Carboniferous succession gradually thickens, with Courcyeen carbonates being superseded by Chadian to Holkerian shelf sediments (Brück, 1982).

#### Local Geology

Mogul of Ireland exploited two mineralized bodies at Silvermines within brecciated dolomitized Waulsortian Reef (upper horizon) and the Lower Dolomite (lower horizon). Ennex from the mid 1980's focused on residual non-sulphide mineralization hosted in the Lower Dolomite. Detailed drilling of these residual deposits only intersected the Lower Dolomite, the overlying Muddy Limestone and the underlying Basal Fragmental Beds. Detailed drilling to delineate resources only reached the Muddy Limestones beneath the Reef or penetrated the Lower Dolomite and the underlying Basal Fragmental Beds (Boland, 1997).

Detailed drilling to delineate resources only reached the Muddy Limestones beneath the Reef or penetrated the Lower Dolomite and the underlying Basal Fragmental Beds (Boland, 1997).

#### Project Geology

The stratigraphy in the Silvermines area has been described in detail by Taylor and Andrew (1978) and Andrew (1986).

##### Ballyvergin Shales

The Ballyvergin Shale at the Silvermines Project is overlain by 36 metres of varied, thin-bedded, commonly nodular limestone with subordinate shale which forms the Lower Ballysteen Limestone also referred to as the Argillaceous Bioclastic Limestone. *Syringopora* is common in the lower half. The top contact, 3.6 metres below the Fine Calcarene Marker, is sharp at an upward change into more uniformly argillaceous limestone.

##### Basal Fragmental Beds

This Member of the Argillaceous Bioclastic Limestone (ABL) Formation is a medium-grey calcarenite with wispy argillaceous partings and thin, (<2cm) shale bands. It contains a nodular fabric as a result of wispy argillaceous partings draped around calcarenite nodules. Bioclastic detritus generally of brachiopods and crinoids is minor. Bioturbation increases in the upper half of the unit which has more silt and clay. Relict ooids occur in the lower half of this unit which indicates shallow water rich in carbonate to deeper water environment for the upper part of the unit. In the Cooleen Zone within the PLs, only the upper part of the Basal Fragmental Beds is weakly dolomitized and this decreases to the east.

##### Lower Dolomite - Bioclastic Limestone

The Lower Dolomite – Bioclastic Limestone overlies the Basal Fragmental Beds and extend from the Shallee lead mine to the Ballygown Zone. This member of the ABL thickens locally up to 90 metres of mid- to dark grey, medium-grained, massive, low-iron dolomite with occasional thin wispy partings increasing upwards. The Lower Dolomite was originally an oolitic biosparite which thins to the north and northeast and passes laterally into a massive bioclastic limestone. The Bioclastic Limestone is a medium grained, grey calcarenite with numerous thin wispy partings with abundant bioclastic detritus of brachiopods, crinoids, echinoids and locally bryozoa.



### Muddy Limestone

The Muddy Limestone is part of the upper Argillaceous Bioclastic Limestone. It has a maximum thickness of 60 metres. The lithology consists of dark grey skeletal calcareous shales interbedded with thin biomicrites and bioclastic calcisiltites. Shale represents about 70% of the section and contains crinoids fragments with small brachiopods and bryozoa. Individual beds can be up to 50cm thick and bedding is generally planar.

### Muddy "Reef"

The Muddy Reef is 15 – 45m in thickness and is composed of medium to dark grey nodular biomicarenites with wispy shale partings and the odd thin lens of crinoid-rich biosparrudites. The upper part of the unit (5-20m) is silicified. The dominant cement in the Muddy Reef is ferroan calcite. In areas of well-developed mineralization close to feeder structures beneath the upper G, B and Magcobar Barite Zone, the Muddy Reef shows significant lateral facies variations. The top of the Muddy Reef marks the upper contact of the regionally Argillaceous Bioclastic Limestone or Ballysteen Limestone.

Isopach plots of all units below, and including, the Muddy Reef show a general thickening to the northeast with the exception of the Lower Dolomite which thickens to the southwest and thins opposed to thickening of the Bioclastic Limestone to the east and northeast. There is evidence that WNW trending tectonism controlled local thickness variations in these units with thickening on the more rapidly subsiding north side of faults.

### Waulsortian Mudbank Limestones "Reef"

This is a distinctive pale grey reef limestone mainly of stromatactis biomicrite which forms a discontinuous unit several hundred metres thick across the Upper Ballysteen and Argillaceous Bioclastic Limestones in the Limerick Province (Philcox, 1984). The base of reef is visibly diachronous on a local scale and inferred to be diachronous on a larger scale based on various thicknesses of sub-reef beds containing probably off-reef tongues.

The Waulsortian Reef and specifically the base of reef is the host to the major mineralized zones at Silvermines. Stromatactid biomicrites and black matrix breccias form the hangingwall sediments to the upper zones. The Waulsortian "equivalent" sequence thickens from 100 m near the inlier to the north east attaining 400m on the downthrown sides of WNW trending faults which were active during sedimentation.

The stratigraphic sequence reflects the gradual transition from continental to marine conditions during the Lower Carboniferous. The Old Red Sandstone core of the Tullacondra inlier is overlain by carbonates of the Kilmaclenlin Limestone (known elsewhere in the Irish Midlands as "Argillaceous Bioclastic Limestone" or "Ballysteen Limestone"), the Waulsortian Mudbank Complex, and younger units.

### Supra-Waulsortian Sequence

The Ennex Cooleen drilling was the first drilling to intersect significant thicknesses of Supra-Waulsortian limestones in the Silvermines area. Kelly (1994) looked at this sequence in detail and sub-divided it into two main units, a lower sequence of dark grey, locally argillaceous cherty limestones, overlain by a sequence of pale grey, clean bioclastic grainstones and packstones. The cherty limestones are similar to the Oldcourt Cherty Limestone of Brück (1985) and the overlying clean grainstone/packstone sequence similar to the Terryglass Limestone Formation.

### *Cherty Limestones*

At Cooleen, these were divided into five sub-units, termed Facies A-E.

Facies A - Facies A is composed of fine-grained, dark, cherty packstones and grainstones interbedded with nodular argillaceous limestones with scattered bioclasts in the shale bands. Patch carbonate mudbanks, a few feet thick, are common.

Facies B - Facies B is markedly more nodular, argillaceous and bioclastic than Facies A, with a distinctive "wispy" nodular appearance to the limestone bands. Patch carbonate mudbanks, a few feet thick, are common.

Facies C - It proved difficult to define a contact between Facies B and Facies D so Facies C was used where a transitional package between Facies B and Facies D

Facies D - Facies D is composed of fine-grained cherty grainstones which fine up, each bed becoming progressively more argillaceous at the top and grading into a thin shale band. The upper part of the bed is commonly burrowed.

Facies E - Facies E is a uniform, dark, cherty, bioclastic, argillaceous, wackestone. Bedding is not well developed.

#### *Clean Limestones*

The Cherty limestone sequence at Cooleen is overlain by massive, clean, well sorted, uniform coarse bioclastic and oolitic grainstones. These grade up into bioclastic packstones with a micrite matrix. Samples taken from this unit for micro-palaeontological dating returned Chadian ages. The base of this unit is generally sharp and these limestones may represent a regional development of shallow water facies over the Silvermines Project area, indicating a cessation of subsidence and suggesting that syn-depositional movement on the Silvermines Fault ceased or paused at this time.

#### Structure

The Silvermines Project area lies on the fault bounded southern limb the broad asymmetric Kilmastulla Syncline. Dips are generally between 10° and 15° but increase to 60° by drag in the hangingwall of the Silvermines Fault. The steepness of the bedding in the immediate hangingwall of the fault is interpreted to be due to drag. Ramp relay zones are only mineralized on a local scale (fault separation, 300 metres) where ramps are fully breached. Metal zonation originates from points (feeders) along planes not necessarily at the point of maximum displacement. Feeders occur along fault planes in places where (a) favourable units are brought into contact with host lithology and (b) where relay ramps are fully breached such as at Shallee and K Zone.

The dominant fault trend which appears to be the primary control on mineralization is West-North-West and northerly dipping. These West-North-West faults form abrupt breaks in sediment thickness and display slumping, dip steepening in drag attenuation zones and monoclonal flexures. The Silvermines Fault is actually segmented into the Shallee, G Zone, K Zone and C Zone. The Silvermines Fault has a normal downthrow to the north which varies between 100 metres to 350 meters and has a curved listric profile. The combination of the main fault and the West-North-West branch faults display a horsetail terminal structural architecture which dominates the Silvermines area.

In detail, the faults are tight, shaley, gouge-filled structures rarely exceeding one metre in width. There is evidence of early extensional dip-slip followed by dextral shear. Post-mineralization faulting is identified in the Upper G and B zones and trends NW, oblique to the major mineralization controlling West-North-West slump faults

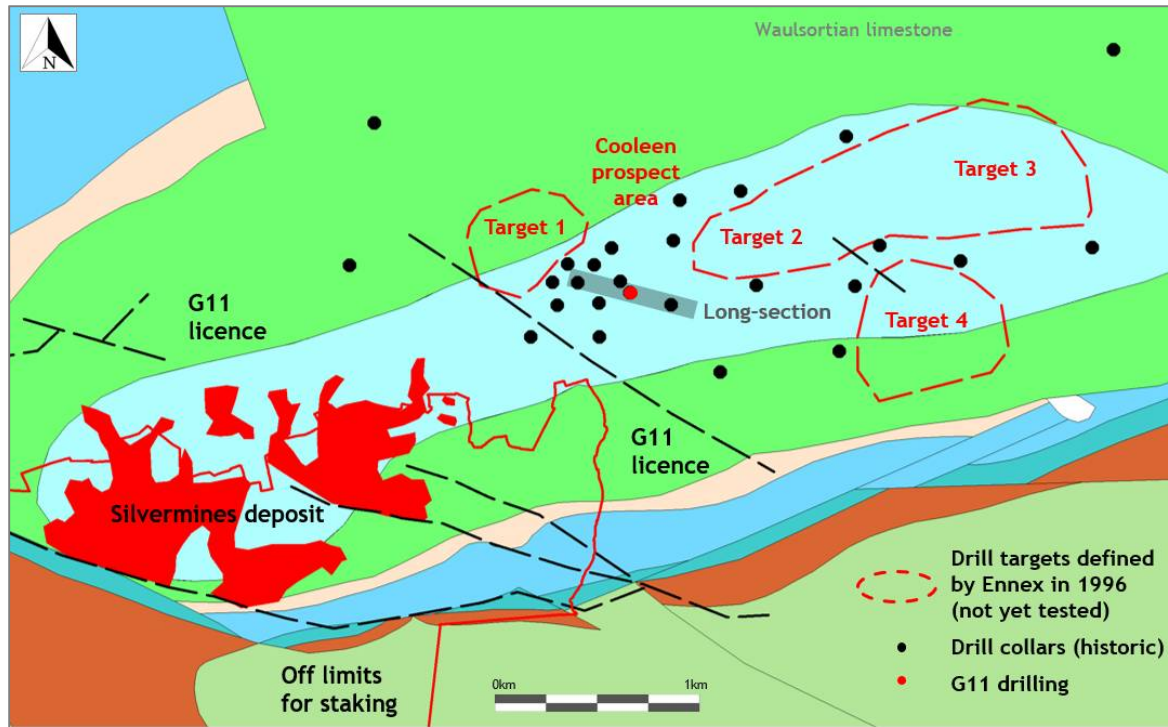
#### Mineralization

Within the Silvermines Project around the Cooleen Prospect, the best intersection was in NX-11 which cut 5.8 metres of massive sulphides averaging 17.9% Zn and 1.9% Pb (see Exhibit 30). Black Matrix Breccias (BMB) is very strongly developed at the mineralized zone, however, is more weakly mineralised in the hanging wall to the massive sulphide mineralization. Typical grades are 1% to 2.5% Zn and 0.2% to 0.5% Pb over 3 to 12 metres. The pyrite content in the BMB is variable within ranging from trace to massive. Within the BMB, the base metal concentrations vary from trace to 1 to 3% in the mineralized holes.

The massive sulphide mineralization consists of massive pyrite, a mixture of pyrite-sphalerite-galena or massive sphalerite. Grades from massive polymetallic sphalerite lenses are NX-8A – 2.3 metres averaging 8.1% Zn and 1.4% Pb and in NX-14 an interval of 1.8 metres averaging 10.1% Zn and 0.5% Pb (Boland, 1994), the latter targeted by the Company's inclined diamond drill-hole 4503-1. The variability in the intensity of the mineralization from hole to hole and the very high zinc to lead ratios in the massive sulphide suggest that Cooleen is either on the distal fringe of the Silvermines system or vectoring toward another mineralizing system further east.

A portion of the mined-out Silvermines Deposit extends onto the Silvermines Project (see Exhibit 30). The quantity of mineralization remaining in this portion, if any, is not known. Neither is it treated as a current resource by the Company. Significant work, including researching historic mine records, drilling and sampling would be required to determine the quantity and grade of mineralization remaining on the property.

**Exhibit 30. Location of the Cooleen Prospect, Silvermines Project, Ireland.**



There is residual mineralization at the Silvermines Mine, some of which is located in the Silvermines Project. This mineralization is related to weathering of the original sulphides, leading to oxidation and associated enrichment. The residual material is unconsolidated and was therefore recovered using reverse-circulation drilling and air flush core drilling. Three zones of residual mineralization were defined:

- The Cooleen Zone (wholly in the Silvermines Project) contains unconsolidated, oxidised gossan material, and a lead and silver residuum. Zinc enrichment is described as having occurred at the base and along the northern margin of the weathered zone. Zinc occurs primarily in hemimorphite and grades vary from 10% to 37% Zn).
- Ballygown South Zone (almost wholly in the Silvermines Project) consists primarily of sulphide-rich residuum, grading 14.5% Zn, 8.6% Pb & 45g/t Ag. The zone also contains some hemimorphite and smithsonite, with an average grade of 14.5% Zn.
- The C Zone, about which little information is known, as it was not individually described by Boland et al (1992).

The historic grades quoted for the residual deposits were included in an historical estimate of 1.0 million short tons at 10.79% Pb and Zn (Boland, 1992). The assumptions, methods of calculation and parameters used for this historical estimate are not known. Significant compilation of data, re-drilling and re-sampling and data verification would need to be carried out by a Qualified Person before the historical estimate can be verified and upgraded to a current resource. Such work is not considered to be a priority at this stage in the project. The Company is not treating this historical estimate as a current resource.

#### *Deposit Types*

The Silvermines Project is considered to be highly prospective for Irish Type zinc-lead deposits within the Lower Carboniferous sedimentary package and specifically zinc-lead-silver mineralization typically concentrated at or near the base of Waulsortian Reef.

For a description of the Irish Type deposits see “ - The Ballinalack Project - Geological Setting and Mineralization - Deposit Types”.

## Exploration

### *Summary*

Under the Irish prospecting license system, exploration data more than six years old is made available to subsequent license holders by the Geological Survey of Ireland (the “GSI”) and the EMD. Prior to, and since, the award of the PLs, the Company has undertaken an extensive program of data compilation for all five PLs, including the compilation of a detailed geological map of the Project area, registering of all relevant maps into the MapInfo program, digitizing data from past soil geochemical surveys, and undertaking a thorough analysis of earlier geophysical surveys and past drilling results. This involved acquiring the full digitized drill-hole database and digital three-dimensional model for the Silvermines deposit complex from the Irish Centre for Research in Applied Geosciences. The Company drilled a confirmation hole at the Cooleen zone.

### *Geophysics*

Compilation of geophysical surveys undertaken by previous explorers has been completed. The patchwork of previously surveyed areas has been captured, with data extracted for IP surveys covering the Cooleen prospect and extraction of VLF-R survey data over both Cooleen and northeast of Cooleen.

Various historical geophysical surveys have been catalogued and the boundaries of the survey areas digitized. Two surveys have been captured digitally:

- 1991 Ennex IP survey over Cooleen
- 1984 VLF survey over most of the Waulsortian Reef limestone between Cooleen and north to the market town of Nenagh.

Resistivity has been contoured for both datasets and plotting up the results clearly map out the contact between Supra-Waulsortian and Waulsortian lithologies.

A northwest to southeast trending array of structures is apparent from the Company’s compilation of historic datasets. These datasets include VLF and drilling. These features appear to control localization of mineralization and need to be more clearly defined for drill targeting. The Company has commissioned a detailed ground magnetic survey to more accurately locate these structures.

A detailed ground magnetic survey will utilize a continuous “walking mag” system on lines at 100 metre spacing bearing approximately northeast to southwest across the area of interest, which has been calculated at 22 square kilometres covered by 224.7 line kilometres along 57 lines.

In addition, the Company has commissioned consulting geophysicists Paterson Grant & Watson Ltd. to reprocess, invert and interpret a fixed wing aerial EM survey over the Silvermines Project undertaken by Noranda Inc. in 1998. This survey comprised a total of 3,000 line kilometres at 300 metre line separation and a survey height of 80 metres. This reprocessing will take advantage of the considerable advances in both processing power and improved software. It is anticipated that significantly better results will be obtained over the processing in 1998 and will assist in determining geological structure and target generation associated with structure identified.

### *Geological Compilation*

All drillholes within Silvermines Project have been captured digitally to produce a database. Geological base maps have been updated based on historical drilling. Particular attention has been given to mapping thicknesses and intensity of dolomitisation, brecciation and mineralization for target vectoring. Finally, geological maps have been generated to integrate and compare all these features. A composite map has been created for all structural measurements and an electronic spreadsheet recording the source reference for each structure.

### *Compilation of Soil Geochemistry Data*

The Company has completed compilation of historical geochemical data from shallow and deep overburden surveys. Only a small number of geochemical surveys were available in the GSI archive. Noranda Inc. had already compiled all previous shallow soils into a single map, however, the conclusion was that the resulting contours maps were patchy and inconclusive and no coherent anomalies were identified. Due to mobility of zinc and creation of spurious anomalies and quite variable overburden thicknesses, this tool is not considered effective for detection of mineralized bodies below 200 metres.

### *Periodicity or Clustering of Zinc Deposits Along Trend*

The natural focus of exploration after the Silvermines Mine went into production in 1968 was to identify near mine resources which could be exploited using the existing infrastructure. The Silvermine Mine's operators had limited funds to explore and focused eventually on shallow non-sulphide mineralization and very encouraging deeper intersections of sulphide mineralization. Exploration activities at the Silvermines Mine ceased in 1996 because of a dispute over legacy environmental issues (now resolved). In contrast, the Rathdowney Trend, a sub-basin parallel to the south east of the former Silvermines Mine, has been extensively explored and drilled. These mines were sustained on a cluster of deposits of variable size which were mined together. However, the trend along from the former Silvermines Mine has not been systematically explored.

### Drilling

#### *Summary*

The Company has compiled a comprehensive database of all 78 drillholes completed on the Silvermines Project episodically from the early 1960's to 1996. Drillholes were invariably vertical but only approximately 50 percent reached the target depth at the base of the Waulsortian Reef.

#### *Drilling Activities*

The Company has completed one drill hole (DDH-4503-1) at the Cooleen Deposit. Drilling conditions are favourable, with easy access from the local road network. The terrain consists of mainly arable farmland and is slightly hilly, though not excessively so. It was not necessary to construct drill pads, but a temporary platform was built around the drill rig. Drill core was removed daily and stored at a nearby facility, on the site of the former Silvermines Mine's underground operation. Drilling was carried out by Drilling 2000 Limited, of Ennis, Co. Claire, Ireland, using an NQ diameter drill bit.

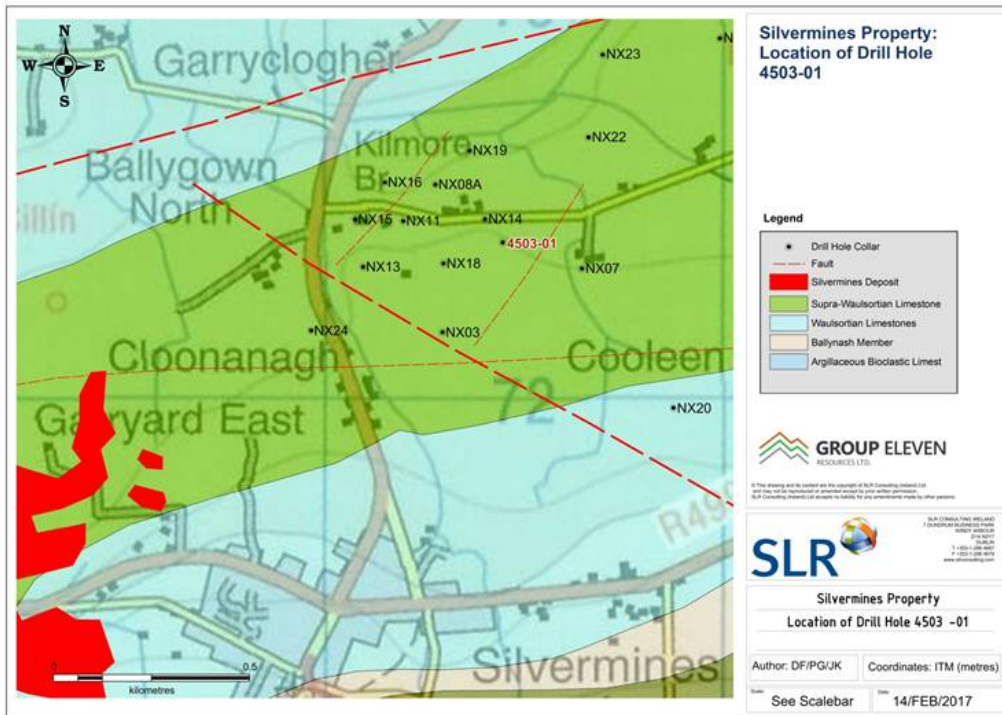
Prior to drilling, a Stage One Screening for Appropriate Assessment was carried out and submitted to the EMD, along with a Screening Report for Discharge to Groundwater.

The drillhole collar location is approximately one kilometre northeast of the Silvermines historical estimate (see Exhibit 31). Location was determined using a handheld global positioning system device in conjunction with geo-referenced high-resolution satellite imagery. The coordinate system used was Irish National Grid ("ING") and the hole was drilled at an azimuth of 327° and a dip of -80°. Six dip/azimuth downhole surveys were taken, showing a maximum deviation of 1.3° from the collar dip of -80°, and 5.8° deviation from the collar azimuth of 327°. Its collar coordinates in ING are 184425 E, 172392N.

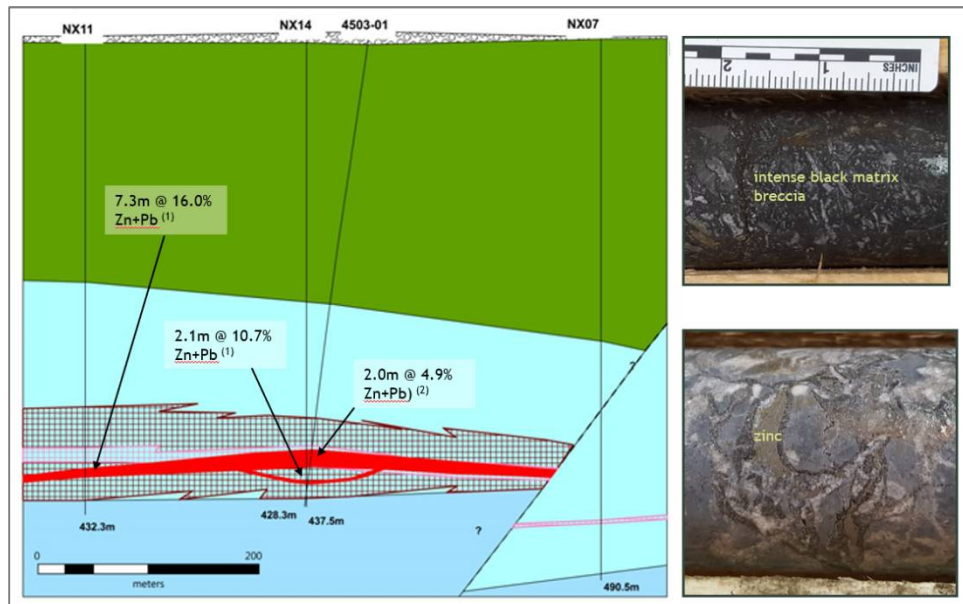
This location of the drill hole was selected for two reasons:

- to confirm geological interpretations based on the available data and;
- to provide fresh drill core for study and analysis, in the context of advances in geological understanding, and with modern analytical methods.

**Exhibit 31. Location of the Company's drill hole (4503-1) at Cooleen zone, Silvermines Project, Ireland.**



**Exhibit 32. Section (oriented WNW) showing the Company's drill hole (4503-1) and nearby historic holes at Cooleen zone, Silvermines Project, Ireland.**



The drill hole collared in the supra-Waulsortian succession, in a clean grainstone, previously observed in other drill holes in the area. The drill hole intersected approximately 250 metres of the supra-Waulsortian succession. The drill hole then passed through Waulsortian Limestone, and into the Ballynash Member, also known as the Nodular Micrite Unit. The drill hole terminated in the upper part of the Argillaceous Bioclastic Limestone.

The upper 280 metres of the drill hole was almost completely dolomitised, with a coarse-grained, grey to brown, vuggy dolomite. The rock is heavily weathered and fractured throughout the dolomititic zone. The style of dolomitisation was typical of that seen in the vicinity of fault zones. It is believed that the dolomite is related to a fault interpreted to lie southeast of the drill hole. The drill hole was drilled on an azimuth which took it further from

the interpreted fault at depth, and intensity of dolomitisation and weathering decreases with depth, supporting the view that the alteration is related to the fault.

In addition to dolomitisation attributed to the fault, the drill hole also intersected hydrothermal dolomite in the lower part of the Waulsortian Limestone. The dolomite is commonly known in the Irish mineral exploration industry as Black Matrix Breccia (“**BMB**”), from its first description at Lisheen Mine. The dolomite is believed to be an integral part of the mineralising system and often forms an envelope around sulphide mineralisation. BMB is thought to represent an intensive system of dissolution of host rock, thereby creating space for the deposition of sulphides. There are two types of BMB described at Cooleen:

- BMB with clasts of undolomitised Waulsortian are most commonly seen in the peripheral part of the system, and;
- BMB with clasts of dolomitised Waulsortian are seen in the core of the hydrothermal system and is often intimately associated with sulphide mineralisation.

The first type of BMB was intersected in the drill hole at 337.4 metres, and the intensity of the breccia increased gradually from poor to moderately developed clast-supported style, to a more well-developed style, with a higher ratio of matrix to clasts, by volume. The drill hole passed into the more well-developed BMBs at 387.3 metres and that style was common throughout the drill hole to a depth of 399.3 metres. Intervals of less well-developed BMB were intersected from 401.2 metres to the base of Waulsortian at 415.7 metres. The BMB contains limestone clasts from 337.4 metres to 387.3 metres, dolomite clasts from 387.3 metres to 399.3 metres, and then limestone clasts again from 401.2 metres to 415.7 metres. Exhibit 33, below, is a summary of sequences intercepted. Irish-Style mineralization is typically flat-lying and close to horizontal, therefore to calculate what is believed to be the true width of the intercepts in drill hole 4503-01, it is necessary to multiply the downhole width by 0.985.

**Exhibit 33. Geological log of DDH 4503-01 at Cooleen zone, Silvermines Project, Ireland.**

| From (m) | To (m) | Interval (m) | Geological Unit                                         |
|----------|--------|--------------|---------------------------------------------------------|
| 0.0      | 12.0   | 12.0         | Overburden (Soils and Glacial Tills)                    |
| 12.0     | 123.7  | 111.7        | Terryglass Limestone Formation (Clean Shelf Grainstone) |
| 123.7    | 142.2  | 18.5         | Oldcourt Cherty Limestone Facies E                      |
| 142.2    | 155.9  | 13.7         | Oldcourt Cherty Limestone Facies D                      |
| 155.9    | 216.5  | 60.6         | Oldcourt Cherty Limestone Facies C                      |
| 216.5    | 223.2  | 6.7          | Oldcourt Cherty Limestone Facies B                      |
| 223.2    | 251.1  | 27.9         | Oldcourt Cherty Limestone Facies A                      |
| 251.1    | 282.0  | 30.9         | Waulsortian Limestone                                   |
| 282.0    | 292.1  | 10.1         | Waulsortian Wavy Laminated Facies                       |
| 292.1    | 392.8  | 100.7        | Waulsortian Limestone. BMB from 337.4m.                 |
| 392.8    | 395.4  | 2.6          | Laminated Cavity Fill                                   |
| 395.4    | 399.3  | 3.9          | Waulsortian Limestone                                   |
| 399.3    | 400.4  | 1.1          | Massive Sulphide                                        |
| 400.4    | 404.3  | 3.9          | Waulsortian Limestone “Lower Reef”                      |
| 404.3    | 404.6  | 0.3          | Laminated Cavity Fill                                   |
| 404.6    | 405.2  | 0.6          | Waulsortian Limestone “Lower Reef”                      |
| 405.2    | 405.4  | 0.2          | Laminated Cavity Fill                                   |
| 405.4    | 412.2  | 6.8          | Waulsortian Limestone “Lower Reef”                      |
| 412.2    | 412.8  | 0.6          | Wavy Laminated Facies                                   |
| 412.8    | 415.7  | 2.9          | Waulsortian Limestone “Lower Reef”                      |
| 415.7    | 430.5  | 14.8         | Nodular Micrite Unit (Ballynash Member)                 |
| 430.5    | 437.5  | 7.0          | Argillaceous Bioclastic Limestone                       |

Hydrothermal dissolution of the original Waulsortian lithology is also represented by cavities filled with slumped sediments. This cavity-fill, which has also been observed at the Kilbricken Zn-Pb-Cu-Ag Deposit to the west, is believed to represent periods of significant hydrothermal fluid-flow post-diagenesis. The slumping observed in the sediments may be as a result of tectonic activity during deposition, thereby supporting the belief that the alteration-mineralisation system was related to basin growth.

The drill hole intersected significant sulphide mineralization from 369.4 metres to 413.9 metres, with the best intersections summarised below (see Exhibit 34).



**Exhibit 34. Key assays from the Company's DDH-4503-1 at Cooleen zone, Silvermines Project, Ireland.**

|       | From<br>(m) | To<br>(m) | Interval<br>(m) | Zn%  | Pb%  | Ag g/t | Pb+Zn% |
|-------|-------------|-----------|-----------------|------|------|--------|--------|
|       | 384.9       | 393.3     | 8.4             | 2.06 | 0.39 | 5.75   | 2.46   |
| Incl. | 384.9       | 388.4     | 3.5             | 3.37 | 0.59 | 8.47   | 3.96   |
| Incl. | 384.9       | 386.9     | 2.0             | 4.16 | 0.75 | 10.15  | 4.91   |

The drill hole confirms the existence of an “Irish Type” alteration and mineralization system, similar in nature to both the Lisheen and Galmoy Zn-Pb deposits, as well as the Kilbricken Zn-Pb-Cu-Ag Deposit. The hanging-wall of the Cooleen Fault has not been sufficiently tested and it is believed that the potential still exists for a significant deposit in that area.

Irish Type mineralization is typically flat-lying and close to horizontal, therefore to calculate what is believed to be the true width of the intercepts in drill hole 4503-01, it is necessary to multiply the downhole width by 0.985.

*Near-by Historic Drilling at Cooleen*

Best intersections from holes shown in Exhibits 33 and 34 (above; sections through the Cooleen zone) are summarized in the Exhibit 35, below. These holes define a mineralized zone approximately 300m long and 100m wide (see Exhibit 34, above). A key element of exploration at Cooleen will be to expand this zone (currently open) and trace it back to its feeder structure.

**Exhibit 35. Key historic intercepts from Cooleen prospect, Silvermines Project, Ireland.**

| Hole  | From<br>(m) | Interval<br>(m) | Zn + Pb<br>(%) | Zn<br>(%) | Pb<br>(%) | Gr x Th<br>(m%) |
|-------|-------------|-----------------|----------------|-----------|-----------|-----------------|
| NX-11 | 391.15      | 7.32            | 16.0           | 14.5      | 1.7       | 117             |
| incl  | 394.66      | 1.83            | 46.6           | 42.9      | 3.7       | 85              |
| NX-14 | 383.53      | 9.15            | 1.9            | 1.4       | 0.4       | 17              |
| and   | 409.14      | 2.14            | 10.7           | 10.1      | 0.5       | 23              |
| NX-8A | 363.41      | 12.50           | 0.9            | 0.8       | 0.2       | 11              |
| and   | 389.48      | 2.74            | 8.0            | 6.8       | 1.2       | 22              |
| incl  | 390.24      | 1.98            | 10.7           | 9.1       | 1.6       | 21              |
| incl  | 390.85      | 0.61            | 15.2           | 13.0      | 2.2       | 9               |
| NX-13 | 400.91      | 3.66            | 6.1            | 5.4       | 0.7       | 22              |

All drillholes are vertical or close to vertical and the mineralized body is believed to be more or less flat, therefore the interval width is taken as true thickness.

Sampling, Analysis and Data Verification*Sampling*

Samples for geochemical analysis were marked up by an SLR Consulting (Ireland) Ltd. (“SLR”) professional geologist on the drill core from drill hole 4503-10 with a felt-tipped pen. The start and finish of each sample was clearly marked, and heavy-duty paper tickets were inserted into the core box at the beginning of each sample. Each ticket contained the sample number and the start and finish depths of the sample. Sample numbers and depths were also entered on an Excel spreadsheet.

The core boxes were then transported direct from the logging area by Company contractor in a covered vehicle to a dedicated core-cutting facility in Dromkeen, Co. Limerick, belonging to and operated by BRG Ltd., a geological, and geophysical consultancy/contracting company. The drill core was cut using a standard circular saw, by an experienced independent contractor, directly employed by the Company. The core saw was washed down after each sample. The cut samples were replaced in the core box, ensuring that the correct orientation was maintained.

Sampling of the drill core was carried out by Shane Lavery, B.Sc (Hons), an SLR employee and project geologist with considerable experience in sampling protocol, and by Rebecca Furlong BSc. (Hons), an employee of the Company. Samples were placed in strong, clear plastic bags, ensuring that the same side of each split was taken for the entire length of each sample. The sample number was written on the bag, and a ticket containing just the sample number was placed inside the bag. The sample numbers were double-checked between the sample ticket in the core box, the ticket in the bag and the number written on the bag.

### *Analysis*

The sample bags were then loaded into a covered vehicle and transported to the ALS Minerals (“ALS”) laboratory in Loughrea, Co. Galway, by Mr. Lavery. The samples were checked by ALS personnel and a dispatch sheet confirming safe receipt of the samples was signed by an authorised ALS employee. The laboratory is entirely independent of the Company.

ALS are accredited by the Irish National Accreditation Board to undertake testing in compliance with the International Standard ISO/IEC 17025:2005 2nd Edition “General Requirements for the Competence of Testing and Calibration Laboratories”.

ALS crushed, split and pulverised the samples. The samples were analysed using ALS’s ME-MS61 analysis package, which uses a four acid digestion and analysis by mass spectrometer. Samples which produced results exceeding the maximum detection limits for zinc or lead (10,000 ppm) were analysed using ALS’s ME-OG62 package, which is suitable for high-grade material and also uses the four acid digestion.

Results were transmitted via electronic-mail, with data provided as a signed analysis certificate in portable document format and as a comma separated values spreadsheet.

The Authors are satisfied as to the adequacy of the sample preparation, security and analytical procedures.

### *Data Verification*

The data pertaining to drillhole 4503-01 has been fully captured by the Authors and their SLR colleague. The Authors have checked the sample numbers and results against the drill core and the assay certificates, and are satisfied that the data are correct.

Regarding the historic drill data, they have been compiled from renewal reports submitted to EMD by Ennex, the previous operator of the ground. The Authors have independently checked the data against those reports and are satisfied as to the accuracy of the database being used by the Company, and that it is fit for the purpose of reporting on the project, and as a basis for future work. Additionally, Dr. Kelly, while employed by CSA (subsequently acquired by SLR) previously carried out a geological review of the Cooleen prospect on behalf of Ennex, and the relevant data have been checked against the data used by Dr. Kelly.

The Authors note that the database is incomplete, with data missing for two of the Cooleen prospect drillholes. It is possible that these data may never be found and that the database will remain incomplete. That notwithstanding, the Authors are satisfied that the database is as ‘clean’ and robust as is practicably possible.

BRG used GEM Overhauser ‘walk-mag’ units with inbuilt GPS capabilities. The units measure total magnetic field at one second intervals and data are exported on a daily basis. The measurements were corrected for diurnal drift and BRG took care to avoid solar storms which could have significantly affected the readings. The Authors are satisfied that BRG handled the data adequately and according to industry norms.

The Authors are satisfied as to the adequacy of both the drill data and geophysical data.

### *Quality Control Measures*

The Company’s QA/QC protocol includes the insertion of certified reference materials (“CRMs”) and blanks into the sample stream, at a rate of approximately one in ten. The exact number of samples between each QA/QC sample is deliberately varied, to avoid an obviously detectable pattern. The CRMs were sourced from two different accredited and industry-recognised sources; OREAS Laboratories and Geostats Pty., both of Australia. Sample blanks were sourced from visually blank, pale grey limestone, from higher in the drill hole. The Company’s protocol requires each CRM to return a value not more or less than the certified mean value plus three times the certified standard deviation. Both QA/QC samples returned values within one standard deviation of the certified mean, for all three elements of interest. The results of the QA/QC analysis indicate that ALS returned values with an acceptable variation from a certified mean.

### Further Exploration Activities Proposed

The Authors determined that the Silvermines Project is of sufficient technical merit to warrant the recommendation of a robust, two-phase exploration program. The Company will adopt the Authors’ recommendations.

Phase 1 will focus on drilling at Cooleen and regional tectono-stratigraphic analysis (in part based on seismic work), while Phase 2 should follow on from Phase 1 and focus on drilling Cooleen and other key targets. The Authors have been informed that Phase 1 and 2 are expected to each be completed within a consecutive 12-month period (i.e. 24

months in total). Phase 2 will be conditional on satisfactory outcomes from Phase 1, although it is thought that sufficient work has already been done to establish the prospective nature of the property.

*Phase 1 – Target Reduction and Refinement*

Phase 1 will consist of accelerated compilation of all historical geological, geophysical and geochemical data from the publicly available databases operated by the EMD and the GSI, respectively. The Company's internal database, which is already populated with first-order information, will be completed to include all pertinent details from historic reports and drill logs. Maps and sections will be captured, georeferenced and incorporated into MapInfo® workspaces. As part of this work, locations of all drill holes, samples and survey (geochemical, geophysical, topographical, etc.) grids will be compiled. In parallel with the above, the Company has commissioned consulting geophysicist Paterson Grant & Watson Ltd. to reprocess, invert and interpret historical geophysical surveys in the project area.

Phase 1 fieldwork began in late 2016 with ground geophysics and confirmation drilling. A ground magnetic survey covering 22 square kilometres over the project area was conducted in January to February 2017. In January 2017, drill hole 4503-01 was completed to confirm the expected stratigraphy, lithology, alteration and mineralization. This hole, the first to be drilled on the property in 20 years (since 1996), was necessary as all attempts, at that time, to locate historic core from Cooleen were unsuccessful.

Upcoming fieldwork will include a seismic survey covering 12 line kilometres, aimed at refining structures in the resulting area of focus. In combination with the above, a tectono-stratigraphic study will be conducted on the project area, in an effort to vector towards the key basement controlling structures (which most likely control mineralization). In parallel, diamond drilling is planned, consisting of six (6) holes focussed in the Cooleen area. This will include two (2) in-fill holes in the Cooleen mineralized zone (testing variability and continuity of known mineralization), as well as, one (1) exploration hole in each of Targets 1 through 4, respectively.

*Phase 2 – Diamond Drilling*

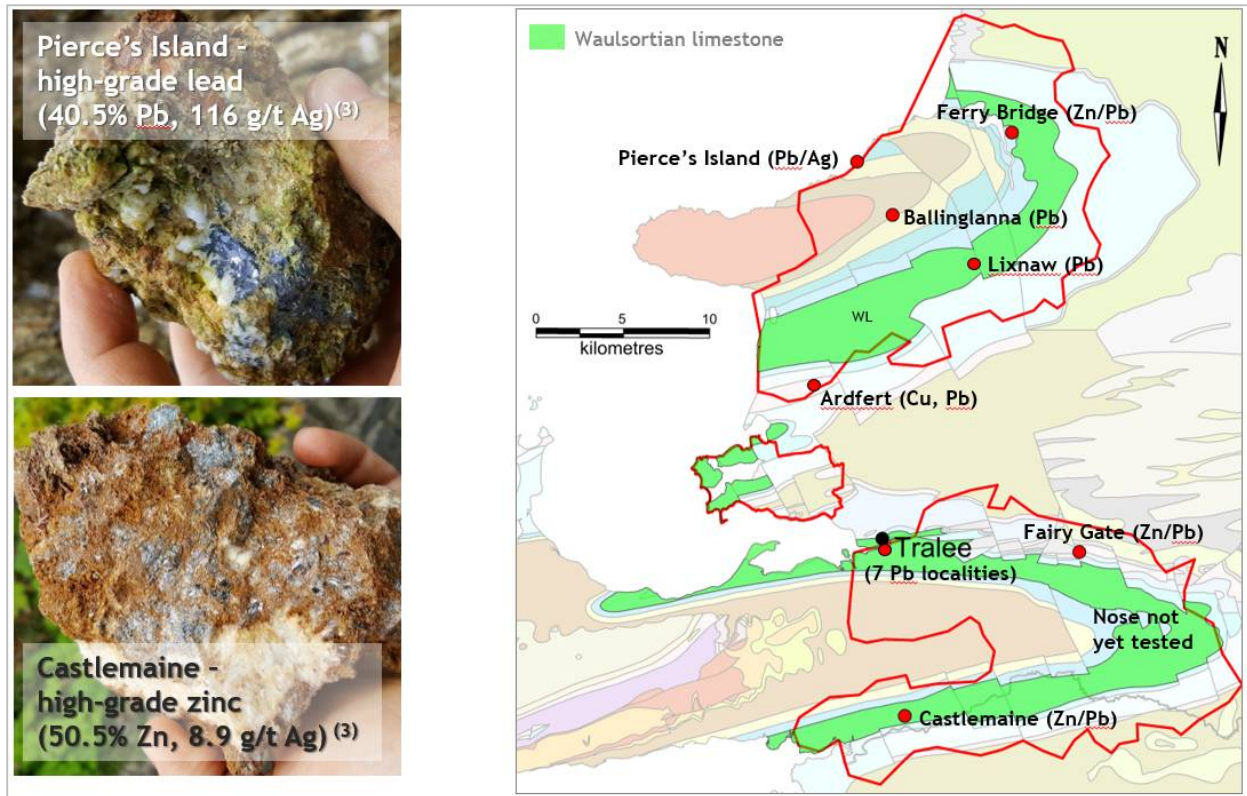
Phase 2 exploration is expected to consist predominantly of diamond drilling. Six (6) holes are planned including one (1) hole in Cooleen Target 2 and 3, as well as, four (4) holes regionally along the trend towards the northeast. Exact locations will be determined as the programme progresses. The main aim of the above drilling will be expansion of currently known mineralization and regional exploration.

**Exhibit 36. Budget (Phase 1 and 2) is \$1,040,100 and \$619,800, respectively, or \$1,659,900 in total.**

| Activity     | Phase 1            | Phase 2          | Total              | Percent     |
|--------------|--------------------|------------------|--------------------|-------------|
| Drilling     | \$470,200          | \$484,800        | \$955,000          | 58%         |
| Geophysics   | 292,240            | 0                | 292,240            | 18%         |
| Other        | 277,660            | 135,000          | 412,660            | 25%         |
| <b>Total</b> | <b>\$1,040,100</b> | <b>\$619,800</b> | <b>\$1,659,900</b> | <b>100%</b> |
|              | 63%                | 37%              | 100%               |             |

THE TRALEE PROJECT

The Tralee Project is wholly-owned (indirectly) by the Company and consists of 15 PLs (totalling 512 square kilometres), situated in southwestern Ireland. The area has been largely overlooked in terms of exploration since the early 1980s, except for the Castlemaine prospect which has seen limited, sporadic work over the last 20 years.

**Exhibit 37. Project Location Map of the Tralee Project, Ireland.**


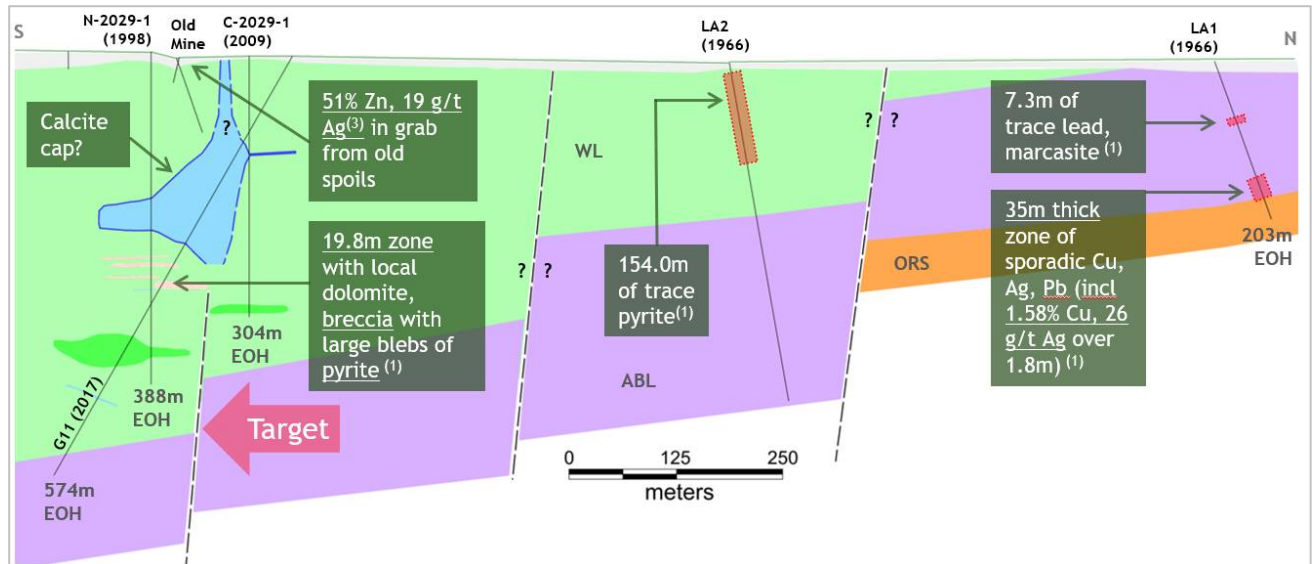
The following scientific and technical information regarding the Tralee Project has been approved by John Barry, who is a Qualified Person and who is the Vice President, Exploration Strategy of the Company.

The Company plans to continue to refine drill targets on a number of prospects on the property (e.g. Ferry Bridge, Fairy Gate and Castleisland), however, its primary focus on the Project will be on the Castlemaine prospect - a historic (medieval) silver-lead mine. Drilling by the Company in late 2016 and early 2017 under the old workings intersected 130m of clean, coarse grained calcite which is believed to potentially represent a fugitive calcite cap associated with a hydrothermal system (see Exhibit 37). Calcite bodies on this scale are rare in Ireland, however, they are well documented in County Clare. To the Company's knowledge, there are only four such occurrences in Clare (Kilbricken, Milltown, Ballyhickey and Spencil Hill) and all, but one, are associated with zinc/lead mineralization, most notably the Kilbricken Zn-Pb-Cu-Ag deposit (operated by Hannan Metals Limited). Overall, there are indeed several similarities between Castlemaine and the Kilbricken deposit, as summarized below:

- Calcite-cap (130m intercept) – as noted above.
- Veins containing zinc mineralization, near *top* of Waulsortian – 51% Zn + 19 g/t Ag in grab from old spoils at Castlemaine (similar to Kilbricken).
- South-dipping faults – most Irish zinc deposits associated with north-dipping faults (except for Kilbricken).
- Potentially buried intrusives – two mag-high anomalies at Castlemaine suggest possible intrusive activity (similar to that suspected at Kilbricken).
- WMB and grey breccias – G11 hole contains possible WMB (hydrothermal) and grey dissolution breccias.
- Sulphides – local pyrite blebs are observed at the base and below the Castlemaine calcite body.

Several grab samples were collected from float at the site of the historic (Medieval) silver-lead mine at Castlemaine. The suspected old spoil heap from the old workings is now in a field surrounded by stone walls (man-made fences). The samples were collected in the vicinity of one of the walls. Three grab samples (one of which is pictured above, see Exhibit 37) were pooled into one sample and sent off for assay at OMAC Laboratories Limited in Loughrea, Ireland for 48 element ICP analysis. The sample, which consisted predominately of sphalerite (zinc sulphide), calcite and hematite, returned 50.5% Zn and 8.9 g/t Ag.

**Exhibit 38. Cross-Section of the Castlemaine Prospect at the Tralee Project, Ireland.**



The next step in exploration at Castlemaine will consist of drilling below the calcite body, in order to test for intensification of the hydrothermal system and zinc mineralization toward the base of the Waultsortian limestone.

At Pierce's Island, a prospect located in the northern part of the Tralee Project, several grab samples were collected directly from a small outcrop located between Pierce's Island (a small island a few hundred metres long) and the mainland. One of these samples is shown in the photograph above (see Exhibit 37). The samples consist predominantly of galena (lead sulphide) and quartz veining. Two of the grab samples were randomly selected for assay and sent to OMAC Laboratories Limited in Loughrea, Ireland (which is independent of the Company) for 48 element ICP analysis. The samples returned (i) 21.9% Pb and 52 g/t Ag and (ii) 40.5% Pb and 116 g/t Ag, respectively.

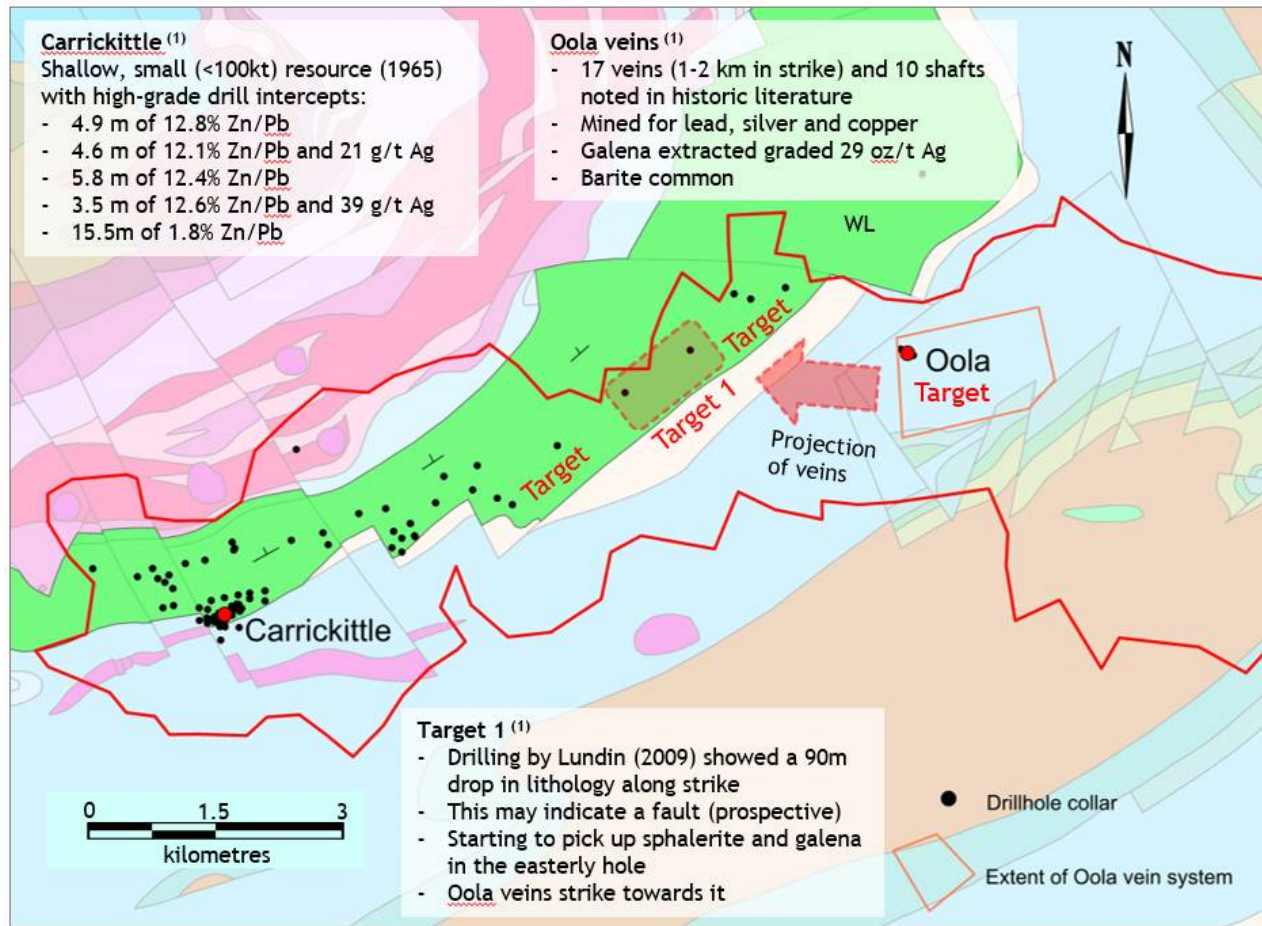
**THE PG WEST PROJECT**

The following scientific and technical information regarding the PG West Project has been approved by John Barry, who is a Qualified Person and who is the Vice President, Exploration Strategy of the Company.

The PG West Project is wholly-owned (indirectly) by the Company and consists of 34 PLs (totalling 1,055 square kilometres). The Project is contiguous with the Company's Stonepark Project. Key prospects under investigation by the Company include the Oola-Carrickittle corridor, the Tipperary prospect and the NewCastle West prospect.



**Exhibit 39. Location of the Oola-Carrickittle Corridor at the PG West Project, Ireland.**



Carrickittle, a small zinc discovery from 1965, is located approximately 10 kilometres west-southwest along trend from the village of Oola, which hosts a series of veins mined for silver (and copper) as far back as the 13<sup>th</sup> Century (see Exhibit 40). The Oola veins were mined in the past, being one of the most cited lead mines in Irish medieval mining records. The Company aims to selectively drill to determine the width and grade and confirm strike of these veins and test whether they project eastwards approximately two kilometres towards the base of the Waulsortian limestone. A hole drilled by Lundin in 2009 within the Waulsortian along the projection of the Oola veins, intersected blebs of sphalerite and galena.

**Exhibit 40. Location of the Oola veins at the PG West Project, Ireland.**

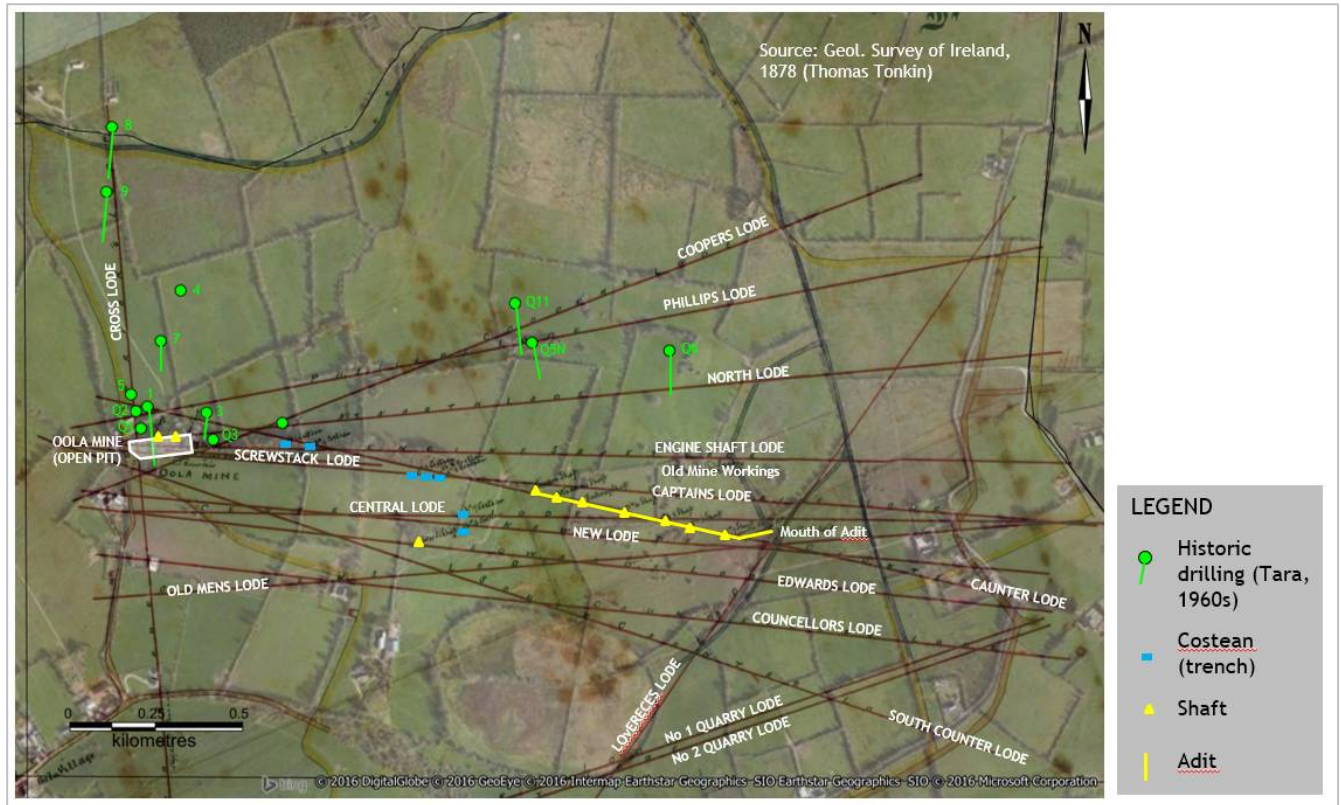
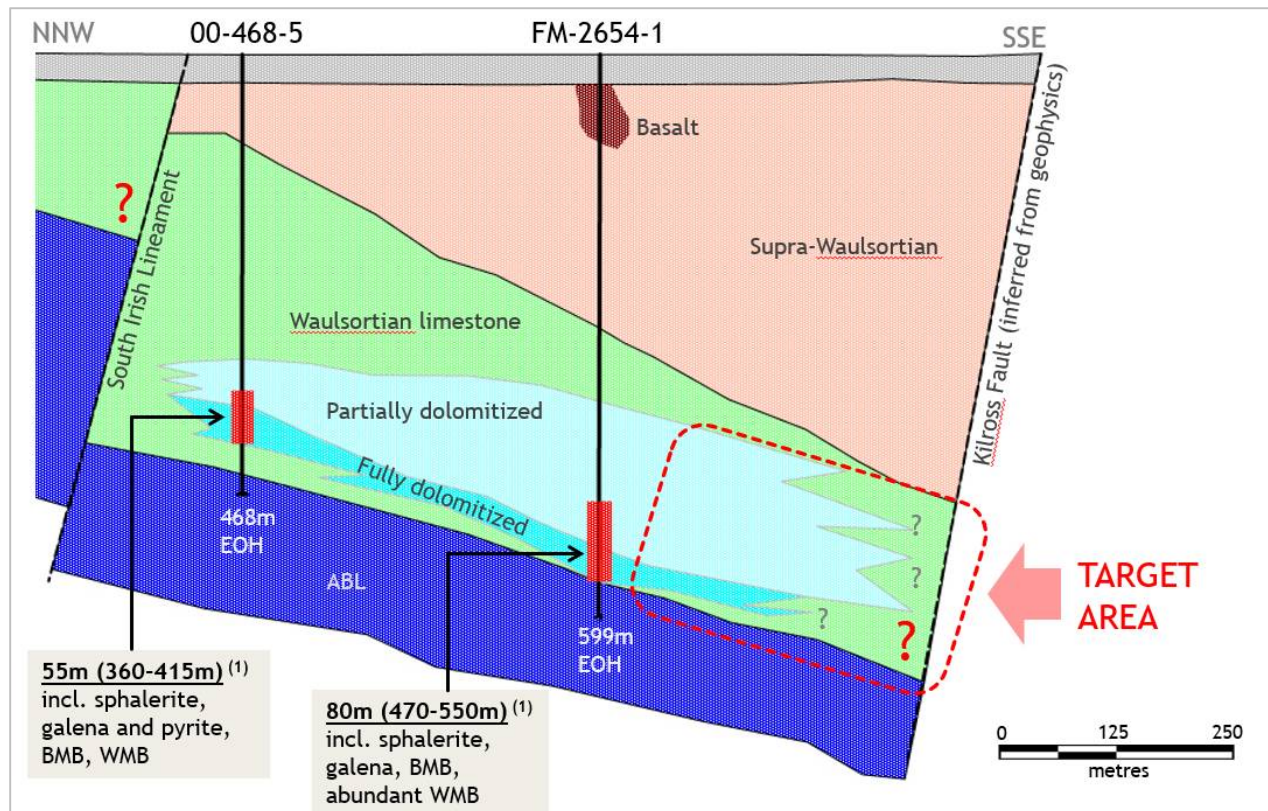


Exhibit 40 above is comprised of a map taken from the 1878 Geological Survey, overlaid on an image. Shafts and trenches represent historic workings.

The Tipperary prospect consists of two drill holes which intersected anomalous zinc which stands out in a district where many barren holes were drilled. Hole 00-468-5 and FM-2654-1 intersected strong indicators for zinc mineralization, consisting of dolomitization, black-matrix breccia, white matrix breccia with specs of sphalerite, galena and pyrite – all occurring near the base of the Waulsortian limestone over widths of 55m to 80m. The last hole (FM-2654-1) was drilled in late 2008, and despite the encouraging technical results, the operator could not fund further exploration due to weak zinc prices and in the immediate aftermath of the global financial crisis. Regional geophysics suggests a significant fault structure (the “Kilross Fault”; see Exhibit 41 below) located approximately 300m south-southeast of the last hole. The Company plans to verify the presence of the Kilross fault with one or two shallow drill holes and, assuming the fault is intersected, test the deeper target at the base of the Waulsortian.



**Exhibit 41. Cross-Section of the Tipperary Prospect at the PG West Project, Ireland.**

The Newcastle West prospect consists of a regional zinc, lead and copper soil anomaly underlain by Waulsortian limestone. Historic drilling by Teck and others identified areas with significant dolomitization (BMB/WMB), as well as, zones with pyrite and chalcopyrite. The Company will further refine the target with seismic and basin evolution analysis, with a view to identifying permissive structures for drilling if the data is sufficiently compelling.

### USE OF PROCEEDS

#### FUNDS AVAILABLE

The Company will receive minimum aggregate net proceeds of \$4.35 million and maximum aggregate net proceeds of \$9.05 million from the Offering after deducting the Agents' Commission and the estimated expenses of the Offering, ranging from \$650,000 to \$950,000, subject to the total proceeds raised from the Offering. These funds will be combined with the Company's existing working capital balance of approximately \$543,000 as at September 30, 2017 for a minimum of approximately \$4.9 million and a maximum of approximately \$9.6 million in available funds upon completion of the Offering.

The Company has negative cash flow from operations in its most recently completed financial year.

## PRINCIPAL PURPOSES

The principal purposes for which the funds available to the Company upon completion of the Offering will be used are as follows:

|                                                                                                                        | Funds to be Used Based on Minimum Proceeds of <sup>(1)</sup> |             |              |
|------------------------------------------------------------------------------------------------------------------------|--------------------------------------------------------------|-------------|--------------|
|                                                                                                                        | \$5,000,000                                                  | \$7,500,000 | \$10,000,000 |
| <b>Principal Purpose:</b>                                                                                              |                                                              |             |              |
| <b>Ballinalack Project</b> - To complete a portion of the recommended exploration program for 24 months <sup>(2)</sup> | \$1,267,000                                                  | \$1,948,000 | \$1,958,000  |
| <b>Stonepark Project</b> - To complete a portion of the recommended exploration program for 24 months <sup>(2)</sup>   | \$1,026,000                                                  | \$1,959,000 | \$2,464,000  |
| <b>Silvermines Project</b> - To complete a portion of the recommended exploration program for 24 months <sup>(2)</sup> | \$945,000                                                    | \$1,422,000 | \$1,660,000  |
| General Corporate costs for 24 months <sup>(3)</sup>                                                                   | \$1,563,000                                                  | \$1,563,000 | \$1,563,000  |
| Exploration on other projects                                                                                          |                                                              |             |              |
| - Silvermines North                                                                                                    | -                                                            | -           | \$784,000    |
| - PG West                                                                                                              | -                                                            | \$233,000   | \$879,000    |
| - Tralee                                                                                                               | \$92,000                                                     | \$118,000   | \$285,000    |
| Total <sup>(4)</sup>                                                                                                   | \$4,893,000                                                  | \$7,243,000 | \$9,593,000  |

Notes:

- (1) See the tables in the sections under the heading “Further Exploration Activities Proposed” in each of the sections entitled “Business of the Company - Ballinalack Project”, “Business of the Company - Stonepark Project” and “Business of the Company - Silvermines Project” for a summary of the work to be undertaken and a breakdown of the estimated costs regarding the recommended work programs for the Material Properties.
- (2) The Company intends to spend the funds available to it as stated in this Prospectus. There may be circumstances, however, where for sound business reasons a reallocation of funds may be necessary.
- (3) See proceeding table for a breakdown of administrative costs.
- (4) Includes \$543,000 working capital available at September 30, 2017.

Subject to, and upon the completion of the Offering, the Company’s working capital available to fund ongoing operations will be sufficient to meet its administrative costs and exploration expenditures for twenty four months. Administrative expenditures for the following twenty four months are comprised of the following:

| Administrative Costs for 24 Months                    | Budget    |
|-------------------------------------------------------|-----------|
| Management salary and fees                            | 844,000   |
| Board fees                                            | 220,000   |
| Legal, exchange, corporate filings costs              | 200,000   |
| Marketing and promotion costs                         | 200,000   |
| Other general and administrative costs <sup>(1)</sup> | 99,000    |
| TOTAL:                                                | 1,563,000 |

Note:

- (1) The Company has not allocated these funds to a specific purpose at this time, and assuming completion of the Offering, they will form part of the general working capital of the Company. To the extent necessary, the Company will utilize these funds to fund any negative cash flow in future periods.

The Company intends to spend the funds available to it as stated in this Prospectus. There may be circumstances however, where, for sound business reasons, a reallocation of funds may be necessary.

## UNALLOCATED FUNDS

Unallocated funds from the Offering and from the exercise of any Warrants, Agents’ Warrants or the Over-Allotment Option will be added to the working capital of the Company, and will be expended at the discretion of management, including being applied to the recommended exploration activities on the Material Properties described under the headings “Further Exploration Activities Proposed” in each of the sections entitled “Business of the Company - Ballinalack Project”, “Business of the Company - Stonepark Project” and “Business of the Company - Silvermines Project”. The funds may also be applied to further exploration on the Company’s other projects or on the acquisition of additional PLs to either expand the Material Properties or acquire additional projects. The Company anticipates that the funds received from the exercise of the Over-Allotment Option will range from \$Nil to

\$1,500,000, depending on the proceeds realized under the Offering and the proportion of the Over-Allotment Option exercised by the Agents.

#### STATED BUSINESS OBJECTIVES AND MILESTONES

The Company's business objectives using the available funds are to:

- (i) obtain a listing of the common shares on the Exchange; and,
- (ii) complete a portion of or all of the proposed exploration program on the Material Properties as recommended in the Reports.

The listing of the common shares on the Exchange is anticipated upon completion of the Offering, subject to the Company fulfilling all of the requirements of the Exchange. Commencement of all or a portion of Phase I of the exploration programs for the Material Properties is expected to commence shortly after completion of the Offering followed by all or a portion of Phase II thereafter (depending on successful results from Phase I, as noted under the heading "Further Exploration Activities Proposed" in each of the sections entitled "Business of the Company - Ballinalack Project", "Business of the Company - Stonepark Project" and "Business of the Company - Silvermines Project") for a total estimated cost of both Phase I and Phase II exploration activities on all the Material Properties of \$6,082,000 over the next twenty four months.

Should the Company raise only the minimum proceeds of \$5,000,000 under the Offering management will at its discretion undertake a portion of the recommended Phase I exploration activities at Stonepark and Silvermines and defer additional expenditures, primarily geophysics, on Phase I exploration activities until additional funds are available. See "Use of Proceeds - Principal Purposes".

### INDUSTRY OVERVIEW

#### GENERAL OVERVIEW

Zinc is one of the most widely used base metals in the world, known for its ability to resist oxidation and corrosion. The metal appears a lustrous bluish-white and holds a number of beneficial physical, electrochemical and chemical properties that allow for it to be used in a variety of applications. Zinc is chemically active and alloys readily with other metals such as copper, aluminum and magnesium. Zinc also reacts readily with iron when used for galvanizing, which imparts desirable characteristics such as strong corrosion resistance and high durability. Zinc is a relatively hard metal with a low melting point, making it and its alloys ideal for die casting while remaining malleable enough to be formed, rolled or extruded, according to the International Zinc Association ("IZA"). Zinc ore bodies are formed in various tectonic environments and at different temperatures and pressures, which causes significant variability in the properties of ore bodies found across the world. Eight main ore body classifications exist to account for this variability: sedex, volcanogenic massive sulfide, oxide, carbonate replacement, Mississippi valley type, epithermal and mesothermal and other miscellaneous hydrothermal.

Zinc ore is generally extracted as a co-product with other metals, most notably copper, lead, gold and silver. Zinc ores commonly contain approximately 5% to 15% Zn and are most commonly found as the zinc mineral sphalerite, also known as zinc blende. Once ore is extracted, it is crushed and ground to separate it from other minerals, and is then typically concentrated using the froth floatation method. According to the IZA, the contained zinc can be recovered using either pyrometallurgical or hydrometallurgical techniques, though roughly 90% of zinc is produced using the latter method. The zinc produced by the hydrometallurgical process has the advantage of being high grade (99.99% Zn), whereas a further distillation process is needed to achieve this grade from the pyrometallurgical technique. However, the pyrometallurgical technique may be used on a wide range of materials, particularly mixed zinc-lead bulk concentrates.

#### Zinc Supply and Uses

According to the July 2017 United States Geological Survey (the "USGS") Zinc Commodity Summary, the vast majority of global zinc supply is sourced from China, though Australia and Peru are meaningful producers as well.

According to the USGS, many of the world's largest zinc mines are located in Latin America and the United States, though the largest zinc mineral reserves are in Australia, China and Peru.

As all mines have finite lifespans, new projects must be constantly identified and developed in order to maintain balance in the global zinc markets. However, determining whether or not an identified project can be advanced to production is very complex. While many zinc deposits have been identified as potential sources of future supply, the decision to proceed with production requires the completion of significant geological, financial and environmental diligence. Due to these extensive diligence requirements, new mine production typically requires long lead times.

Commodity fundamentals can also have an impact on currently producing operations. For example, as a result of thin zinc margins through 2015, on October 9, 2015, Glencore PLC announced a 500 kmt per annum cut to zinc production. This represented approximately 4% of refined zinc metal production in 2015, based on the ILZSG global supply estimate for 2015.

One of the more predominant uses of zinc is in galvanizing steel due to its ability to provide a protective barrier against corrosion. Galvanized steel is most commonly used in the automotive industry where it permits automakers to reduce costs and body weight without compromising safety or appearance. Outside of the automotive industry, the alloys Galfan and Galvalume are used in niche markets. Galvalume, a zinc-aluminum alloy comprised of 45% zinc and 55% aluminum, is used in construction to improve corrosion resistance of unpainted surfaces. Galfan is a similar zinc-aluminum alloy, however, it has an additional 5% of aluminum. A benefit of the additional aluminum content is that it has improved formability, making it more useful for architectural purposes than other zinc coatings.

Die-casting alloys, another common use for zinc, are used extensively in the automotive and residential construction sectors with growing demand for use in business machines, toys, bathroom fittings, electrical appliances and domestic appliances. Recent advances in technology have also led to new zinc-based materials, such as zinc foams, that can be die-cast in ordinary die-casting machines at the same price as conventional zinc die-castings, but result in parts that are approximately 30% to 50% lighter. The Company believes innovative materials such as these will drive zinc's continued usage in the automotive industry as companies look to reduce vehicle weight to achieve greater fuel economy.

Brass is an alloy of copper and zinc, usually made up of 65% copper and 35% zinc, though the exact mix depends on the desired properties of the alloy. Brass is cheap and easy to produce but attracts a high price as it can be cast, forged, and formed into sheets, wires and rods. Due to its high tensile and yield strength, brass is also machineable and therefore can be used to produce complex shapes. Brass is widely used in hydraulic and electrical components due to its conductivity, non-magnetic propensity and corrosion resistance. It is also used widely in the plumbing industry to create complex and durable pipes and joints, as well as in the automotive industry as a component of fuel, electric and braking systems.

Zinc is also used in chemicals, such as zinc oxide. According to the IZA, zinc oxide is primarily used as a vulcanizing activator in the rubber industry, where it is critical to the production of tires. Zinc oxide is also widely used in ceramics, where it is used to produce frits, artistic glasses and enamels. Other uses for zinc oxide include as a pigment in paints and as an ingredient in sunscreen, baby creams and wound-care ointments. One potential future growth area for the use of zinc is as a micro-nutrient in fertilizers. According to the IZA, research shows that the addition of zinc can lead to a significant boost in crop yields, which has the potential to dramatically increase zinc consumption if widely adopted.

According to the IZA, the final primary first-use for zinc is in semi-manufacturing of rolled and extruded products. These products are in turn used in a variety of forms across the globe. For example, zinc sheets are commonly used in the building industry as roofing and cladding material, as well as coinage and as battery cans.

According to IZA, the largest end-use sector for zinc is construction, with galvanized steel being used extensively in various infrastructure projects including bridges, electricity transmission towers and lighting poles. According to the IZA, the second most important end-use sector is transport, followed by consumer products and the manufacturing of industrial goods and equipment. In the 2016 edition of its capital projects and infrastructure spending report, PricewaterhouseCoopers forecasted global infrastructure spending to grow from 2% in 2017 to a rate of 5% per annum by 2020. The Company believes this growth in infrastructure spending will promote strong demand for zinc.

An emerging and potentially significant end-use of zinc is in rechargeable batteries. A number of academic papers have emerged on this topic over the last few years, although the Company has no knowledge of the costs or timelines associated with any such use on a commercially viable basis.

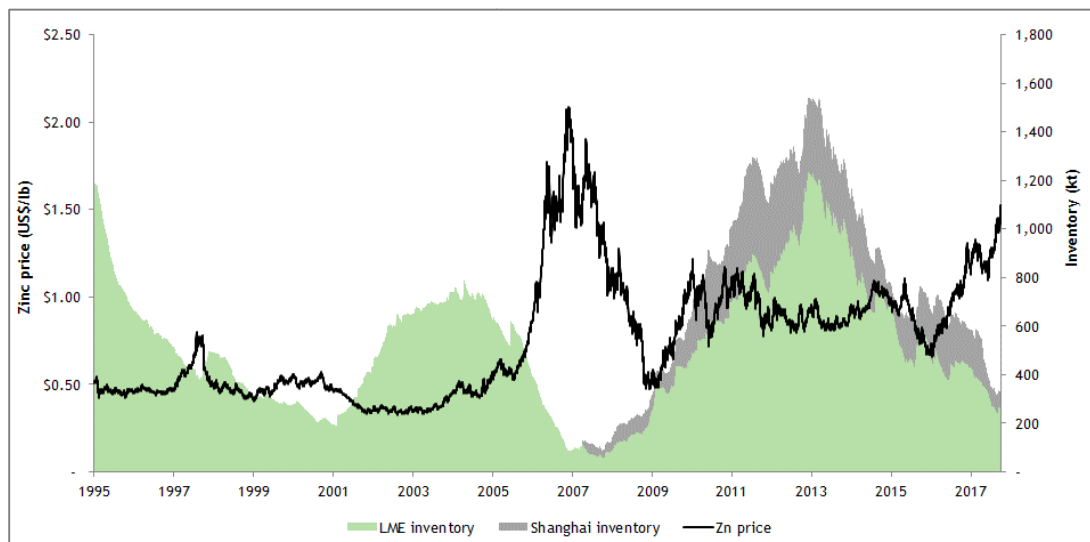
For example, the Technology Transfer Office of the United States Naval Research Laboratory (the “NRL”) has publicly stated that zinc-based batteries offer a safe, inexpensive alternative to fire-prone lithium-based batteries and has developed a three-dimensional zinc sponge electrode architecture comprising interpenetrating networks of zinc scaffolding and void space. The design characteristics of NRL’s zinc sponge are stated to yield superior electrochemical properties when cycled in alkaline electrolytes compared to conventional zinc powder-composite electrodes. The NRL states that the longstanding problem of dendrite formation upon cycling is solved by distributing current more homogeneously in three dimensions throughout the electrode volume, while the void structure constrains dissolution/precipitation processes within the electrode. The NRL claims it has demonstrated fully rechargeable nickel–zinc prototype cells that challenge lithium ion performance, but which use aqueous-based cell chemistry that is inherently safer than the nonaqueous liquids used in lithium batteries, thereby meeting the goal of a robust, energy dense, and safe battery.

### Zinc Price History

Over the past five years, the London Metal Exchange (“LME”) spot zinc price has ranged from a low of \$0.66/lb to a high of \$1.45/lb. This range is significantly below prices observed in 2006, which peaked at \$2.09/lb on November 24, 2006, and which suggests that there is room for price appreciation should fundamentals support a price increase. As a base metal, zinc prices are much more driven by supply and demand fundamentals than trading speculation. Thus, the decline of global zinc inventories over the past few years, which effectively tightened supply, could be perceived as a contributing factor to the rally in zinc prices since the beginning of 2016. Historically, the price of zinc has moved inversely compared to inventory levels and has displayed significant upward increases when inventories reach critical levels, as witnessed in 2006-2007. The Company believes that current market fundamentals are similar to those observed in 2006 and thus expects a meaningful appreciation in the zinc price over the near- to medium-term.

The two main sources of zinc pricing are the LME and the Shanghai Futures Exchange (the “SHFE”). The LME official cash price is set through open outcry trading on the floor of the LME. Each metal trades in five minute ring sessions which are said to be representative of global supply and demand. The last bid and offer price quote during the second ring trading session for zinc metal is set as the LME official cash price for zinc for that particular trading day. The SHFE price is representative of the supply/demand balance in China as it is the typical exchange for Chinese commercial transactions.

### **Exhibit 42. Zinc Price and LME Levels.**



## DIVIDENDS OR DISTRIBUTIONS

The Company has not paid dividends since its incorporation. While there are no restrictions precluding the Company from paying dividends, it has no source of cash flow, and anticipates using all available cash resources toward its stated business objectives. As such the Company does not anticipate the payment of dividends in the foreseeable future. At present, the Company's policy is to retain earnings, if any, to finance its business operations. The payment of dividends in the future will depend upon, among other factors, the Company's earnings, capital requirements and operating financial conditions.

## SELECTED FINANCIAL INFORMATION AND MANAGEMENT DISCUSSION AND ANALYSIS

### SUMMARY OF FINANCIAL INFORMATION

The following table sets forth summary financial information for the Company for the nine months ended September 30, 2017, the year ended December 31, 2016 and for the period from incorporation to December 31, 2015. This information has been summarized from the Company's unaudited interim and audited financial statements and should only be read in conjunction with the Company's financial statements, including the notes thereto, included elsewhere in this Prospectus.

|                                    | <b>For the nine months ended<br/>September 30, 2017<br/>(unaudited)</b> | <b>For the year ended<br/>December 31, 2016<br/>(audited)</b> | <b>For the period from<br/>incorporation to December<br/>31, 2015<br/>(audited)</b> |
|------------------------------------|-------------------------------------------------------------------------|---------------------------------------------------------------|-------------------------------------------------------------------------------------|
| Total Revenues                     | Nil                                                                     | Nil                                                           | Nil                                                                                 |
| Exploration expenditures           | \$6,241,698                                                             | \$185,585                                                     | \$14,521                                                                            |
| Management fees and salaries       | \$236,655                                                               | \$139,986                                                     | \$3,647                                                                             |
| Professional fees                  | \$564,499                                                               | \$133,464                                                     | \$33,420                                                                            |
| Share-based payments expense       | \$259,485                                                               | \$275,443                                                     | \$21,647                                                                            |
| Loss for the Period                | (\$1,247,688)                                                           | (\$589,275)                                                   | (\$63,793)                                                                          |
| Loss per share (basic and diluted) | (\$0.04)                                                                | (\$0.04)                                                      | (\$0.02)                                                                            |
| Total Assets                       | \$7,457,041                                                             | \$1,931,304                                                   | \$119,589                                                                           |
| Long term financial liabilities    | Nil                                                                     | Nil                                                           | Nil                                                                                 |
| Cash dividends per share           | Nil                                                                     | Nil                                                           | Nil                                                                                 |

### MANAGEMENT DISCUSSION AND ANALYSIS:

The following Management Discussion and Analysis ("MD&A") of the operating results and financial position of the Company is prepared as of the date of this Prospectus and provides information concerning the Company's financial condition as at September 30, 2017, December 31, 2016 and December 31, 2017. The MD&A should be read in conjunction with the unaudited condensed interim financial statements and related notes for the three and nine months ended September 30, 2017 as well as the audited financial statements and related notes for the year ended December 31, 2016. The financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS"). Except as otherwise disclosed, all dollar figures included therein and in the following MD&A are quoted in Canadian dollars.

### Selected Interim and Annual Information

The Company was incorporated in the province of British Columbia in November, 2016 and completed the acquisition of GERL by share exchange with each holder of outstanding shares of GERL in December 2016.

The following table summarizes selected information from the Company's unaudited interim financial statements for the nine months ended September 30, 2017 and 2016.

|                     | <b>For the nine months ended<br/>September 30, 2017</b> | <b>For the nine months ended<br/>September 30, 2016</b> |
|---------------------|---------------------------------------------------------|---------------------------------------------------------|
| Net revenues        | Nil                                                     | Nil                                                     |
| Loss for the period | (\$1,247,688)                                           | (\$100,034)                                             |
| Deficit             | (\$1,900,756)                                           | (\$653,068)                                             |
| Total assets        | \$7,457,041                                             | \$1,931,304                                             |
| Loss per share      | (\$0.04)                                                | (\$0.01)                                                |

The following table summarizes selected information from the Company's audited annual financial statements for the year ended December 31, 2016 and the period from incorporation to December 31, 2015.

|                     | <b>For the year ended<br/>December 31, 2016</b> | <b>For the period from incorporation<br/>to December 31, 2015</b> |
|---------------------|-------------------------------------------------|-------------------------------------------------------------------|
| Net revenues        | Nil                                             | Nil                                                               |
| Loss for the period | (\$589,275)                                     | (\$63,793)                                                        |
| Deficit             | (\$653,068)                                     | (\$63,793)                                                        |
| Total assets        | \$1,931,304                                     | \$119,589                                                         |
| Loss per share      | (\$0.04)                                        | (\$0.02)                                                          |

### Report on Operations

During 2016 and the first nine months of 2017, the Company continued to focus on expanding existing zinc license holdings in key areas of Ireland. The Company acquired the following licenses during 2016 and 2017:

- 32 licenses were acquired in September and November of 2016 covering 1,006 square kilometres for the PG West property. PG West, adjoining Glencore's Pallas Green deposit and Teck's Stonepark project, hosts the Carrickittle prospect which contains a number of high-grade zinc intersections, including 3.1m at 18.1% zinc(Zn) and lead(Pb) and 31 grams per tonne of silver.
- 5 licenses were acquired in September covering 133 square kilometres for the Silvermines property, adjacent to the historic Silvermines zinc mine. This property hosts the Cooleen discovery which contains significant historical drill intercepts (e.g. 7.3m at 16.0% Zn and Pb) that were never adequately followed up due to a now-resolved dispute in the mid-1990s over reclamation liabilities.
- The Company has further applied for licenses on Silvermines North (granted January 17, 2017), Ferbane (granted February 13, 2017), and Kilkenny (granted March 30, 2017) totaling an additional 1,003 square kilometres, all granted during the first quarter of 2017.
- 16 licenses were acquired in January and March covering 582 square kilometres for the Silvermines North property, expanding the existing holdings of the Silvermines project.
- 12 licenses were acquired in February and March for the Ferbane and Kilkenny properties, respectively, covering 421 square kilometres.
- 11 licenses were acquired through the acquisition of a 60% interest in BRL on June 30, 2017, comprising the highly prospective Ballinalack Zinc Project (described further below).
- 6 licenses were acquired through the acquisition of a 76.56% interest in TILZ on September 8, 2017, comprising the Stone Park Project.

In addition to license acquisitions, the Company has been actively diamond drilling, conducting geophysical surveys and continuing data compilation efforts.



### Results from Operations

The following is a summary of results from the Company's unaudited interim consolidated financial statements for the nine months ended September 30, 2017 and the Company's audited annual consolidated financial statements for the year ended December 31, 2016:

|                                  | Nine Months Ended September 30, |              | For the Year Ended December 31 |             |
|----------------------------------|---------------------------------|--------------|--------------------------------|-------------|
|                                  | 2017                            | 2016         | 2016                           | 2015        |
| Comprehensive loss               | \$(1,247,688)                   | \$ (100,034) | \$(589,275)                    | \$ (63,793) |
| Basic and Diluted Loss per share | (0.02)                          | (0.01)       | (0.04)                         | (0.02)      |
| Exploration expenditures         | (6,241,698)                     | (101,243)    | (185,585)                      | (14,521)    |

|                           | September 30, 2017 | December 31, 2016 | December 31, 2015 <sup>(1)</sup> |
|---------------------------|--------------------|-------------------|----------------------------------|
| Cash and cash equivalents | \$910,898          | \$1,702,726       | \$98,872                         |
| Total Assets              | 7,457,041          | 1,931,304         | 119,589                          |
| Share capital             | 8,341,110          | 2,084,011         | 88,972                           |
| Deficit                   | (1,900,756)        | (653,068)         | (63,793)                         |

<sup>1</sup> GEME was incorporated on August 28, 2013 however other than shares issued on incorporation operations did not commence until 2015 therefore only two years results is shown.

For the year-ended December 31, 2016, the comprehensive loss was \$525,482 greater than the year-ended December 31, 2015 largely as a result of increased operations and business development activity. The primary cost increases arose from \$253,796 higher non-cash share-based payments expense incurred, 92% of which pertained to the warrant grant to MAG Silver Corp. mentioned previously. In addition to that, the Company incurred \$136,339 higher costs related to management and personnel in 2016 compared to 2015, and a \$100,044 increase in professional fees primarily related to legal costs arising from financing activities, accounting and auditing expenses and higher consulting fees related to marketing and advisory services.

For the three and nine months ended September 30, 2017, the comprehensive loss was \$642,633 and \$1,247,688, respectively, an increase over the three and nine months ended September 30, 2016 (\$33,575 and \$100,034, respectively) primarily as a result of increased professional fees (\$255,513 and \$560,995 higher for the three and nine months ended September 30, 2017, respectively) resulting from financing and acquisition related activity. The Company also incurred higher personnel related costs including share-based payments as operational activity increased and preparations were undertaken for the expected initial public offering. Management fees and salaries for the three and nine months ended September 30, 2017 increased \$54,674 and \$155,225, respectively, from the comparable three and nine months ended September 30, 2016 as a result of additional personnel and an increase in monthly rates. As well, the Company incurred share based compensation expenses of \$182,992 and \$259,484, respectively, for the three and nine months ended September 30, 2017 compared with no share based compensation expense in the comparative 2016 periods.

Cash and cash equivalents at December 31, 2016 increased over the previous year as a result of increased financing activity in 2016 with approximately \$2.0 million raised in two private placements which occurred early in the first quarter and then in the fourth quarter. These funds were largely deployed towards exploration activity including acquiring PLs, compiling data, performing geological surveys, and diamond drilling. Total assets increased as a result of the funds raised from financing activity and the deferral of the costs associated with the exploration expenditures. Cash and cash equivalents at September 30, 2017 decreased \$791,828 from year-end as a result of acquisition costs for BRL (\$2,500,000) and TILZ (\$2,150,000) as well as other mineral property expenditures (\$441,698) and operating costs of \$803,397. This was offset by net proceeds from financing activities of \$5,107,099 arising from three private placement transactions during the nine months ended September 30, 2017.

The following selected financial information is a summary of the eight most recently completed quarters up to September 30, 2017.

|                                  | Sept 30,<br>2017 | June 30,<br>2017 | March<br>31, 2017 | Dec 31,<br>2016 | Sept 30,<br>2016 | June 30,<br>2016 | Mar 31,<br>2016 | Dec 31,<br>2015 |
|----------------------------------|------------------|------------------|-------------------|-----------------|------------------|------------------|-----------------|-----------------|
| Comprehensive Loss               | \$642,633        | \$442,656        | \$162,399         | \$489,241       | \$33,575         | \$59,019         | \$7,440         | \$58,162        |
| Basic and Diluted Loss per Share | 0.02             | 0.02             | 0.01              | 0.03            | 0.00             | 0.01             | 0.00            | 0.02            |
| Exploration Expenditures         | 2,255,452        | 3,794,727        | 191,519           | 84,342          | 49,351           | 51,152           | 740             | 14,521          |

For 2015, the Company focused primarily on establishing a strong land position, acquiring key PLs at Tralee, to add to the existing holdings at Gortdrum (now part of the PG West property). The loss primarily arises from legal and accounting fees incurred in 2015 to establish the corporate entities and handle regulatory requirements.

In 2016, the Company continued to build the land position as described earlier and began attracting key personnel, increasing the compensation cost, as well as, consulting fees. The Company also granted a significant amount of stock options as described earlier in the fourth quarter of 2016. Exploration activity was significantly higher in 2016, reflecting accelerated data compilation and analysis activities, as well as, the initiation of fieldwork (geophysical surveys and drilling).

During 2017, the Company completed two acquisitions from TIL, the first for a 60% interest in Ballinalack on June 30, 2017 for total consideration, including advisory fees, of \$3,650,000, and the second for a 76.56% interest in Stone Park on September 8, 2017 for total consideration of \$2,150,000. In conjunction with these acquisition the Company completed two private placements, the first for \$3,834,461 and the second for \$1,200,000, providing financing for both the acquisition and budgeted near term exploration expenditures. The Company has also completed initial drilling and magnetics survey work at the Silvermine Project and commenced work on the structural re-interpretation of the area. Drilling has also been undertaken at the Castlemaine and Fairygate areas on the Tralee project as well as the Oola area on the PG West project. The Company is continuing to review the results of this drilling and will incorporate the findings into the 2018 budget using the proceeds raised from the current financing occurring in conjunction with the initial public offering.

#### *Liquidity and Capital Resources*

The Company had cash and cash equivalents of \$910,898 at September 30, 2017 compared to \$1,702,726 at December 31, 2016.

During 2016, the Company completed a private placement totaling 7,438,244 shares at a price of €0.05 per share for total proceeds of €371,912 (C\$541,159) and another private placement in November 2016 for 6,824,510 shares at €0.15 per share for total proceeds of €1,023,716 (C\$1,453,880). The first financing was utilized to further expand the Company's ground position through the acquisition of PLs and to continue data compilation. Proceeds from the second financing are being used to partially fund the Company's exploration budget for 2017, focusing on further defining and de-risking six high-priority drill target areas across the Company's three properties in Ireland. This includes data compilation, geophysical analysis and diamond drilling (32 holes totaling approximately 8,000 metres).

During 2017, the Company completed private placements totaling 16,321,839 shares at an average price of \$0.32 per share (prices ranging from \$0.21 per share to \$0.40 per share) for total proceeds of \$5,149,609. Proceeds thus far have been used primarily for the acquisition of BRL, TILZ and for executing the Company's exploration budget for 2017.

The Company has forecast its cash requirements for the next fiscal year and believes it has sufficient cash resources and liquidity to sustain its planned exploration activities. This assessment is based on the Company's budget, its available cash and that certain of the Company's expenditures are discretionary in nature, and which can be deferred as required without significant impact on the Company or its mineral properties. Future exploration will require the Company to raise additional capital which the Company plans to do in conjunction with a public listing process later in 2017.

### *Financial Instruments*

The Company's activities potentially expose it to a variety of financial risks, including credit risk, foreign exchange currency risk, liquidity and interest rate risk.

Credit risk is the risk that one party to a financial instrument, will fail to discharge an obligation and cause the other party to incur a financial loss. Financial instruments that potentially subject the Company to credit risk consist of cash and cash equivalents and accounts receivable. The Company deposits the majority of its cash and cash equivalents with high credit quality financial institutions. The carrying amount of financial assets recorded in the financial statements, net of any allowances for losses, represents the Company's maximum exposure to credit risk.

The fair values of the Company's financial instruments, consisting of cash and cash equivalents, other receivables (primarily value added tax recoverable), accounts payable and accrued liabilities, approximate their carrying values because of their short terms to maturity.

The Company operates in Canada and Ireland, and it is therefore exposed to foreign exchange risk arising from transactions denominated in foreign currencies. The Company's cash and cash equivalents, other receivables, accounts payable and accrued liabilities are denominated in both Euro's and Canadian dollars and are subject to the relative fluctuations of those two currencies.

The Company held the following Euro balances:

|                                          | September 30, | December 31, |          |
|------------------------------------------|---------------|--------------|----------|
|                                          | 2017 (€)      | 2016 (€)     | 2015 (€) |
| Cash and Cash Equivalents                | 480,955       | 1,201,726    | 65,788   |
| Prepaid Expenses                         | 10,118        | 1,995        | –        |
| Other Receivables                        | 46,566        | 9,031        | -        |
| Accounts Payable and Accrued Liabilities | (190,236)     | (143,462)    | (13,031) |
| Net Balance                              | 347,403       | 1,069,272    | 52,757   |
| Rate to Convert to C\$                   | 1.4742        | 1.4169       | 1.5029   |
| Net Balance (C\$)                        | 512,142       | 1,515,051    | 79,288   |

### *Interest rate risk*

Interest rate risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate due to changes in market interest rates. The Company is currently not exposed to any interest rate risk as the cash and cash equivalents are held in a non-interest bearing account and the Company does not hold any interest bearing liabilities.

### *Commodity price risk*

While the value of the Company's exploration and evaluation assets is related to the price of zinc and other minerals, the Company currently does not have any operating mines and hence does not have any hedging or other commodity based risks with respect to its operational activities. Zinc and other mineral prices have historically fluctuated widely and are affected by numerous factors outside of the Company's control, including, but not limited to, the perception of market participants about the price and future price prospects for zinc, changes in manufacturing and construction activity, as well as, other industrial demands, levels of worldwide production, and forward sales by producers and speculators.

### *Contractual Obligations*

Highland Capital Advisors Inc. ("HCA"), a company controlled by Andrew Farncomb, a former director of the Company, will be granted 500,000 shares contingent on directly originating a minimum of €500,000 in equity funding for the Company, subject to approval, cumulatively within a three year period from November 10th, 2015. HCA will earn a second tranche of 500,000 shares if the Company concludes a significant strategic transaction, including merger and/or major asset acquisition, which arises directly from services provided by HCA.

During the nine months ended September 30, 2017, HCA directly originated the minimum equity funding and assisted in the closing of a significant strategic transaction. The Company issued 1,000,000 common shares to HCA on September 6, 2017, recording the first tranche of \$150,000 as share issuance costs and the second tranche of

\$150,000 as an advisory fee related to the acquisition of Ballinalack. Each tranche of the shares have been valued using the share price of the most recent financing completed by the Company.

On October 6, 2017 the advisory agreement with HCA was terminated. No investment bonuses were made or are payable under the agreement.

#### *Off-Balance Sheet Arrangements*

The Company has no off-balance sheet arrangements and no short or long-term debt obligations.

#### *Related Party Transactions*

The key management personnel include those persons having authority and responsibility for planning, directing, and controlling the activities of the Company as a whole. The Company has determined that key management personnel consist of executive and non-executive members of the Company's Board of Directors and corporate officers.

Their remuneration includes the following:

|                                                               | Position      | September 30, |           | December 31, |          |
|---------------------------------------------------------------|---------------|---------------|-----------|--------------|----------|
|                                                               |               | 2017          | 2016      | 2016         | 2015     |
| Management fees paid or accrued to:                           |               |               |           |              |          |
| David Furlong (Note 1)                                        | Director      | \$ 69,968     | \$ 43,022 | \$ 68,295    | \$ 3,647 |
| John Barry (Note 2)                                           | Director      | 67,272        | 29,921    | 47,026       | –        |
| Shaun Heinrichs (Note 3)                                      | CFO           | 51,000        | –         | –            | –        |
| Salaries and benefits paid or accrued to:                     |               |               |           |              |          |
| Bart Jaworski (Note 4)                                        | CEO, Director | 68,158        | 30,118    | 55,040       | –        |
| Rebecca Furlong (Note 5)                                      | Geologist     | 37,725        | –         | 9,212        | –        |
| Professional fees paid or accrued to:                         |               |               |           |              |          |
| Andrew Farncomb (Note 6)                                      | Director      | 26,181        | –         | 30,795       | –        |
| Rebecca Furlong (Note 5)                                      | Geologist     | –             | –         | 1,457        | –        |
| Share-based payments paid to:                                 |               |               |           |              |          |
| Andrew Farncomb                                               | Director      | 3,592         | –         | 3,592        | –        |
| Shaun Heinrichs                                               | CFO           | 16,114        | –         | –            | –        |
| Acquisition advisory fees accrued to Andrew Farncomb (Note 7) | Director      | 150,000       | –         | –            | –        |
| Financing advisory fees accrued to Andrew Farncomb (Note 7)   | Director      | 150,000       | –         | –            | –        |

- Note 1: Compensation paid to David Furlong for the nine months ended September 30, 2017 and 2016 have been reported as management fees (2017 - \$39,497; 2016 - \$23,201) or capitalized to exploration expenditures (2017 - \$29,471; 2016 - \$19,821). Compensation paid to David Furlong for the years ended December 31, 2016 and 2015 have been reported as management fees (2016 - \$32,146; 2015 - \$3,647) or capitalized to exploration expenditures (2016 - \$36,149; 2015 - nil).
- Note 2: Compensation paid to John Barry for the nine months ended September 30, 2017 and 2016 have been reported as management fees (2017 - \$67,272; 2016 - \$28,111) or capitalized to exploration expenditures (2017 - Nil; 2016 - \$1,810). Compensation paid to John Barry for the years ended December 31, 2016 and 2015 have been reported as management fees (2016 - \$45,045; 2015 - nil) or capitalized to exploration expenditures (2016 - \$1,981; 2015 - nil).
- Note 3: Compensation paid to Shaun Heinrichs for the nine months ended September 30, 2017 have been reported as management fees.
- Note 4: Compensation paid to Bart Jaworski for the nine months ended September 30, 2017 and 2016 have been reported as salaries and benefits (2017 - \$68,158; 2016 - \$30,118). Compensation paid to Bart Jaworski for the years ended December 31, 2016 and 2015 have been reported as salaries and benefits (2016 - \$55,040; 2015 - nil).
- Note 5: Compensation paid to Rebecca Furlong for the nine months ended September 30, 2017 and 2016 have been reported as salaries and benefits (2017 - \$10,728; 2016 - nil) or capitalized to exploration expenditures (2017 - \$26,997; 2016 - nil). Compensation paid to Rebecca Furlong for the years ended December 31, 2016 and 2015 have been reported as salaries and benefits (2016 - \$7,755; 2015 - nil) or professional fees (2016 - \$1,457; 2015 - nil).
- Note 6: The professional fees paid to Andrew Farncomb or a company controlled by him are reported as professional fees.
- Note 7: The fees related to acquisition advisory fees have been capitalized as transaction costs for the acquisition of BRL. The fees related to financing advisory services have been reported as share issuance costs. Both arise from the issuance of 1,000,000 shares (valued at \$300,000) pursuant to an advisory agreement previously noted under Contractual Obligations.

#### *Outlook*

For the remainder of 2017 and 2018, the Company will focus on a two-pronged approach: (a) drill testing high-specificity targets at Ballinalack, Stonepark, Silvermines and other properties; and (b) regional tectono-stratigraphic analysis predominantly aimed at the southwest of Ireland (the historically overlooked part of the Irish “orefield”).

The Company has spent a large part of the last year shoring-up and de-risking its six main targets via data compilation, geophysical surveys, as well as, diamond drilling. Over the next 12-24 months, the Company will focus on drill testing these targets, as well as, generating a number of new high-specificity drill targets which are likely to emerge as data compilation nears completion.

In parallel, the Company will aim to re-evaluate the currently held beliefs about the geology and mineralization controls in the southwest of Ireland. To achieve this, the Company will rely on seismic surveys and detailed data compilation which will feed into an overall tectono-stratigraphic analysis. This analysis will aim to decipher the basin evolution of the region and in turn, distill the most prospective faults and structural zones to further explore.

Subject to the availability of funds, the Company has budgeted \$8.3 million as its exploration budget for 2018 and 2019 (including fixed costs) and an additional \$1.7 million of corporate costs. Exploration spending is anticipated to be split 24%, 30% and 20%, respectively, on Ballinalack, Stonepark and Silvermines. The remaining 27% is allocated to the other non-material properties. Fieldwork is planned to include 62 drill holes totaling 27,813m, incurring a direct cost of \$4.2 million. The Company may also execute on accretive acquisition opportunities as they arise and if market conditions are conducive.

In order to provide better access to capital markets for further financing of the Company's exploration and growth program, the Company has commenced plans for an initial public offering on the TSX Venture Exchange in 2017. In preparation for this listing the Company has completed a National Instrument 43-101 technical report on Ballinalack, Stonepark and Silvermines and the audit of the 2015 and 2016 year-end financial statements.

The Company expects that the funds raised from the Offering will fund its operations for a period of two years. The estimated total operating costs necessary to achieve the Company's business objective during that time are as set out in "Use of Proceeds" as applied to administrative costs and general corporate purposes. There are no anticipated capital costs other than as set out in the recommended exploration activities for the Projects.

#### *Critical Accounting Estimates*

The preparation of the Company's consolidated financial statements requires management to make estimates and assumptions. These estimates and assumptions affect the reported amounts of assets and liabilities; the disclosure of contingent assets and liabilities; as well as the reported expenses during the reporting period. Such estimates and assumptions affect the determination of the carrying value and the recoverability of exploration and evaluation assets and the inputs used in calculating the fair value of share-based payment expense. Management re-evaluates its estimates and assumptions on an ongoing basis; however, due to the nature of estimates, actual amounts could differ from its estimates. The most critical accounting estimates upon which the Company depends are those requiring estimates of reserves and resources, future recoverability of assets, and assumptions around future commodity prices.

#### *Accounting for Exploration and Development Costs*

Exploration expenditures related to mineral properties are deferred only if it is probable that these costs will be recovered from future operations. The carrying values of exploration and evaluation assets are assessed at the statement of financial position date to determine whether any indicators exist that the assets may be permanently impaired. The Company's progress in its development activities towards its planned operations is a key factor to be considered as part of the ongoing assessment of the recoverability of the carrying amount of capital assets and deferred exploration and development costs. If there are indicators of impairment, the asset is written down to its estimated net recoverable value. Deferred acquisition, exploration and evaluation expenditures totaled \$6,441,804 at September 30, 2017 (December 31, 2016 – \$200,106).

#### *Share-based Payments*

The Company provides compensation benefits to its employees, directors, officers and consultants through a share-based compensation plan. All share-based awards are measured and recognized based on the grant date fair value. Fair value is determined using the Black Scholes option pricing model. As the Company does not have any trading history the volatility was determined based on the junior gold miners index (GDXJ). The Company utilizes historical data to estimate the expected option term for input into the valuation model. The risk free rate for the expected term of the applicable option is based on the Euro lending rate for the Bank of Ireland.

### *Future Changes in Accounting Standards*

The following published accounting standards are not mandatory for the December 31, 2016 reporting period. These standards are more fully described in Note 3 to the Financial Statements. The extent of the impact of these new standards has yet to be determined.

- IFRS 9 Financial Instruments for accounting periods on or after January 1, 2018.
- IFRS 15, Revenue from Contracts with Customers for accounting periods on or after January 1, 2018.
- IFRS 16, Leases for accounting periods on or after January 1, 2019.

### *Disclosure Controls and Procedures*

Disclosure controls and procedures (“**DC&P**”) are intended to provide reasonable assurance that information required to be disclosed is recorded, processed, summarized and reported within the time periods specified by securities regulations and that information required to be disclosed is accumulated and communicated to management. Internal controls over financial reporting (“**ICFR**”) are intended to provide reasonable assurances regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with IFRS.

TSX Venture listed companies are not required to provide representations in the annual filings relating to the establishment and maintenance of DC&P and ICFR, as defined in National Instrument 52-109. In particular, the Chief Executive Officer and Chief Financial Officer do not make any representations relating to the establishment and maintenance of: (a) controls and other procedures designed to provide reasonable assurance that information required to be disclosed by the issuer in its annual filings, interim filings or other reports filed or submitted under securities legislation is recorded, processed, summarized and reported within the time periods specified in securities legislation; and (b) a process to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with the issuer’s IFRS. The Company’s certifying officers are responsible for ensuring that processes are in place to provide them with sufficient knowledge to support the representations they are making in their certificates regarding the absence of misrepresentations and fair disclosure of financial information. Investors should be aware that inherent limitation on the ability of certifying officers of a venture issuer to design and implement on a cost effective basis DC&P and ICFR as defined in National Instrument 52-109 may result in additional risks to the quality, reliability, transparency and timeliness of interim and annual filings and other reports provided under securities legislation.

### *Outstanding Share Data*

As at December 4, 2017, there were 44,694,177 common shares outstanding and there were options and warrants outstanding to purchase an aggregate 7,932,950 common shares. MAG Silver Corp. holds 15.6% and 22.0% of the Company’s outstanding common shares and fully diluted common shares, respectively. Teck Resources Limited holds 7.5% and 6.4%, respectively.

## **DESCRIPTION OF SECURITIES DISTRIBUTED**

### **SHARES**

The authorized share capital of the Company consists of an unlimited number of common shares without par value. As of the date of this Prospectus, 44,694,177 common shares are 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 the Company and each common share confers 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.

## AGENTS' WARRANTS

The Company has also agreed to grant to the Agents the Agents' Warrants entitling the Agents to purchase that number of Agents' Warrant Shares as is equal to 6% of the number of Units sold pursuant to the Offering. The distribution of the Agents' Warrants to the Agents is qualified under this Prospectus. See "Plan of Distribution".

## WARRANTS

The Warrants have been created under a warrant indenture dated December 4, 2017 (the "**Warrant Indenture**") between the Company and TSX Trust Company, in its capacity as warrant agent (the "**Warrant Agent**"). See "Material Contracts".

The following is a summary of the principal terms of the Warrants. Holders should refer to the Warrant Indenture for a complete description of the terms and attributes of the Warrants. Each Warrant entitles the holder to acquire from the Company at any time prior to 5:00 p.m. (Toronto time) on the date that is one year following the Closing Date one Warrant Share upon payment of additional cash consideration of \$0.60 (the "**Exercise Price**") to the Warrant Agent on behalf of the Company and upon due execution and delivery of the notice of exercise attached. Fractional Warrants shall not be issued or otherwise provided for and if any fraction of a Warrant would otherwise be issuable the number of Warrants so issued shall be rounded down to the nearest whole Warrant without compensation therefor, other than on the occurrence of certain events.

There are no participating rights or entitlements inherent in the Warrants and holders will not, solely by virtue of holding Warrants, be entitled to participate in new issues of capital offered or made to shareholders during the currency of the Warrants. In the event of any new issue of common shares of the Company, there are no rights to a change in the exercise price of the Warrants or the number of Warrant Shares issuable upon exercise of the Warrants. The Warrant Indenture contains provisions designed to protect holders of the Warrants against dilution upon the occurrence of certain events, including any subdivision, consolidation or reclassification of the ordinary shares of the Company, the amalgamation, merger or corporate reorganization of the Company, or a rights offering.

The holding of a Warrant shall not be construed as conferring upon such holder any right or interest whatsoever as a shareholder in the Company, including, but not limited to, the right to vote at, to receive notice of, or to attend meetings of shareholders or any other proceedings of the Company (other than meetings of the holders of Warrants) or the right to receive any dividend or other distribution. Each Warrant ranks *pari passu* with all other Warrants. The Warrant Indenture provides that the rights of holders of Warrants may be modified. The Warrant Indenture provides for meetings of holders of Warrants and the passing of resolutions by such holders which are binding on all holders of Warrants. The Warrant Indenture also provides that, from time to time, the Warrant Agent and the Company, without the consent of the holders of Warrants, may amend or supplement the Warrant Indenture for certain limited purposes, which include making any changes or corrections that are required for the purposes of rectifying any ambiguity, defective provision or other error contained therein provided that in the opinion of the Warrant Agent, the rights of the holders of the Warrants are not prejudiced thereby.

Neither the Warrants nor the Warrant Shares have been registered under the 1933 Act or the securities laws of any state of the United States, and the Warrants may not be exercised in the United States or on behalf of, or for account or benefit of, any "U.S. person" (as such term is defined in Regulation under the 1933 Act) or person within the United States unless an exemption from registration is available. Warrants sold pursuant to Section 4(a)(2) of the 1933 Act will be issued in certificated form, and the certificates representing the Warrants may bear a legend to this effect. The Company has designated the Warrant Agent at its principal offices in Vancouver, British Columbia and Toronto, Ontario as warrant agent for the Warrants. Holders of Warrants may obtain a copy of the Warrant Indenture upon request from the Company and may also view a copy of the Warrant Indenture under The Company's issuer profile on SEDAR at [www.sedar.com](http://www.sedar.com).



## CONSOLIDATED CAPITALIZATION

The following table summarizes the changes in the Company's capitalization since December 31, 2016 and after giving effect to the Offering. The table should be read in conjunction with the financial statements appearing elsewhere in this Prospectus. This table assumes that all options issued under the Share Option Plan are exercised prior to Closing and the MAG Warrants remain unexercised:

| Designation of Security     | Authorized Amount | Amount Outstanding as of September 30, 2017 | Amount Outstanding at Date of the Prospectus | Amount Outstanding After the Minimum Offering | Amount Outstanding After the Maximum Offering |
|-----------------------------|-------------------|---------------------------------------------|----------------------------------------------|-----------------------------------------------|-----------------------------------------------|
| Common Shares               | Unlimited         | 44,694,177                                  | 44,694,177                                   | 60,494,177                                    | 72,994,177                                    |
| Options                     | N/A               | 3,300,000 <sup>(1)</sup>                    | 3,300,000 <sup>(1)</sup>                     | Nil                                           | Nil                                           |
| MAG Warrants <sup>(2)</sup> | N/A               | 4,632,950                                   | 4,632,950                                    | 4,632,950                                     | 4,632,950                                     |
| Warrants                    | N/A               | Nil                                         | Nil                                          | 12,500,000                                    | 25,000,000                                    |
| Agents' Warrants            | N/A               | Nil                                         | Nil                                          | 750,000 <sup>(2)</sup>                        | 1,500,000 <sup>(3)</sup>                      |
| Long Term Debt              | N/A               | Nil                                         | Nil                                          | Nil                                           | Nil                                           |

Notes:

- (1) Includes common shares issuable pursuant to the Share Option Plan, but does not include any common shares issuable upon exercise of the MAG Warrants, any Warrant Shares or Agents' Warrant Shares.
- (2) The MAG Warrants were previously characterized as options.
- (3) Exercisable at \$0.40 per Agents' Warrant Share until 18 months from the Listing Date.

## OPTIONS TO PURCHASE SECURITIES

### SHARE OPTION PLAN AND NEW OPTION PLAN

The Share Option Plan was adopted by the Company's board of directors in December, 2016. The terms of the Share Option Plan provide that in anticipation of the completion of the Offering and the Company becoming a reporting issuer the Company shall deliver written notice to the holders specifying the time by which all outstanding options must be exercised by the holders, and the options shall expire immediately following the time specified in such written notice. The Company anticipates that the options shall be exercised concurrently with completion of the Offering. No further options will be issued under the Share Option Plan. The Company anticipates adopting an Exchange-compliant stock option plan (including obtaining shareholder approval therefor) prior to completion of the Offering (the "**New Stock Option Plan**").

The purpose of the New Stock Option Plan is to advance the interests of the Company and its shareholders and subsidiaries by attracting, retaining and motivating the performance of selected directors, officers, employees or consultants of the Company of high caliber and potential and to encourage and enable such persons to acquire and retain a proprietary interest in the Company by ownership of its stock. The New Stock Option Plan provides that, subject to the requirements of the Exchange, the aggregate number of securities reserved for issuance, set aside and made available for issuance under the New Stock Option Plan may not exceed 10% of the issued and outstanding shares of the Company at the time of granting of options. Furthermore, the aggregate number of shares that may be issued pursuant to the exercise of the New Stock Options awarded under the New Stock Option Plan and all other security based compensation arrangements of the Company shall not exceed 10% of the issued and outstanding common shares at any given time.

The aggregate number of options granted under the New Stock Option Plan in any 12 month period to any one individual, together with all other security based compensation arrangements of the Company, must not exceed 5% of the then issued and outstanding common shares of the Company on a non-diluted basis.

The Company may not grant options under the New Stock Option Plan if the exercise thereof would result in the issuance of more than 2% of the issued common shares, in aggregate, in any 12 month period to any one consultant of the Company.

The Company may not grant options under the New Stock Option Plan if the exercise thereof would result in the issuance of more than 2% of the issued common shares, in aggregate, to persons employed to provide investor relations activities, and any options issued to such individuals will vest over at least 12 months with no more than one-quarter of the options vesting in any three month period.

The New Stock Option Plan will be administered by the board of directors of the Company or by a special committee of directors which will have full and final authority with respect to the granting of all options thereunder. Options may be granted under the New Stock Option Plan to such directors, officers, employees or consultants of the Company or its subsidiaries, if any, as the board of directors may from time to time designate. Options may also be granted to employees of management companies providing management services to the Company. The exercise price of any options granted under the New Stock Option Plan shall be determined by the board of directors, subject to the approval of the Exchange if necessary.

The term of any options granted under the New Stock Option Plan shall be determined by the board of directors at the time of grant, subject to earlier termination in the event of dismissal for cause, termination other than for cause, or in the event of death. The term of any options granted under the New Stock Option Plan may not exceed ten years.

If desired by the board of directors, options granted under the New Stock Option Plan may be subject to vesting. Options granted under the New Stock Option Plan are not to be transferable or assignable other than as a consequence of the death of the holder. Subject to certain exceptions, in the event that a director, officer, consultant, or employee of the Company ceases to hold office, or ceases to be a management company employee, options granted to such individual under the New Stock Option Plan will expire 90 days after such individual ceases to hold office or such longer period as determined by the board of directors of the Company. In the event of death of an option holder, options granted under the New Stock Option Plan expire one year from the date of the death of the option holder.

#### OUTSTANDING OPTIONS AND THE MAG WARRANTS

The Company, as of December 4, 2017 has options to acquire 3,300,000 common shares outstanding under the Share Option Plan, all of which are anticipated to be exercised prior to Closing, and the MAG Warrants, which entitle MAG to acquire upon payment of additional cash consideration up to 4,632,950 common shares. The MAG Warrants were previously characterized as options and pursuant to an agreement between the Company and MAG the term for exercise thereof has been extended such that the MAG Warrants are exercisable on or before the day that is two years after the Closing Date.

| Optionees or Warrantholder                               | Designation and number of Securities Under Option or Warrant | Expiry Date                      | Purchase Price per Common Share | Market Value of Common Shares as of the date of grant and this Prospectus <sup>(1)</sup> |
|----------------------------------------------------------|--------------------------------------------------------------|----------------------------------|---------------------------------|------------------------------------------------------------------------------------------|
| One former Director of the Company                       | 500,000                                                      | November 11, 2021                | €0.02                           | N/A                                                                                      |
| One Officer of the Company                               | 150,000                                                      | June 8, 2019                     | \$0.30                          | N/A                                                                                      |
| Consultants or Advisors of the Company (ten individuals) | 1,300,000                                                    | November 11, 2018                | €0.02                           | N/A                                                                                      |
|                                                          | 500,000                                                      | November 11, 2021                | €0.02                           | N/A                                                                                      |
|                                                          | 200,000                                                      | November 30, 2018                | €0.15                           | N/A                                                                                      |
|                                                          | 200,000                                                      | February 22, 2018                | €0.15                           | N/A                                                                                      |
|                                                          | 150,000                                                      | June 8, 2019                     | \$0.30                          | N/A                                                                                      |
|                                                          | 300,000                                                      | June 21, 2019                    | \$0.30                          | N/A                                                                                      |
| MAG Silver Corp. <sup>(2)</sup>                          | 3,382,950                                                    | Two years after the Closing Date | €0.15                           | N/A                                                                                      |
|                                                          | 1,250,000                                                    |                                  | \$0.40                          | N/A                                                                                      |

Notes:

- (1) As the Company's common shares were not listed on any stock exchange on the date of grant of the options, the market value of the common shares cannot be ascertained
- (2) Held by MAG. The MAG Warrants were previously characterized as options.

## AGENTS' WARRANTS

The Company has agreed to issue Agents' Warrants for the purchase of up to that number of Agents' Warrant Shares as is equal to 6% of the Units of the Company sold pursuant to the Offering, exercisable at the Offering Price for a period of 18 months from the Listing Date.

## PRIOR SALES

The following table summarizes the securities issued by the Company since incorporation.

| Date                       | Type of Security | Price per Security | Number of Securities | Reason for Issuance              |
|----------------------------|------------------|--------------------|----------------------|----------------------------------|
| November 25, 2016          | common shares    | \$1.00             | 1                    | Incorporation                    |
| December 23, 2016          | common shares    | €0.15              | 24,012,754           | Exchange <sup>(1)</sup>          |
| December 23, 2016          | options          | n/a                | 2,500,000            | Exchange <sup>(2)</sup>          |
| December 23, 2016          | MAG Warrants     | n/a                | 3,382,950            | Exchange <sup>(2)</sup>          |
| January 20, 2017           | common shares    | €0.15              | 421,889              | Private Placement                |
| February 6, 2017           | common shares    | €0.15              | 118,412              | Private Placement                |
| February 22, 2017          | options          | €0.15              | 200,000              | Compensation <sup>(3)</sup>      |
| June 8, 2017               | options          | \$0.30             | 300,000              | Compensation <sup>(4)</sup>      |
| June 12 to 15, 2017        | common shares    | \$0.30             | 9,480,670            | Private Placement                |
| June 21, 2017              | options          | \$0.30             | 300,000              | Compensation <sup>(5)</sup>      |
| June 22, 2017              | common shares    | \$0.30             | 3,300,868            | Private Placement                |
| June 30, 2017              | common shares    | \$0.30             | 3,333,333            | Acquisition <sup>(6)</sup>       |
| August 31, 2017            | common shares    | \$0.40             | 2,062,500            | Private Placement                |
| August 31, 2017            | MAG Warrants     | \$0.40             | 1,250,000            | Private Placement <sup>(7)</sup> |
| September 6, 2017          | common shares    | \$0.40             | 262,500              | Private Placement                |
| September 6, 2017          | common shares    | \$0.30             | 1,000,000            | Compensation <sup>(8)</sup>      |
| September 19, 2017         | common shares    | \$0.40             | 676,250              | Private Placement                |
| September 26, 2017         | common shares    | \$0.40             | 25,000               | Private Placement                |
| Total common shares issued |                  |                    | 44,694,177           |                                  |
| Total options issued       |                  |                    | 7,932,950            |                                  |

## Notes:

- (1) On December 23, 2016 the Company entered into and completed a share exchange agreement with GERL pursuant to which the 24,012,754 common shares issued and outstanding for GERL were exchanged for common shares of the Company on a one-for-one basis.
- (2) On December 23, 2016 the Company entered into an option exchange agreement pursuant to which each stock option and the MAG Warrants (previously characterized as options) then issued and outstanding in GERL was exchanged for a stock option or MAG Warrant for the purchase of an equivalent amount of common shares in the Company.
- (3) On February 22, 2017 the Company granted 200,000 stock options at an exercise price of \$0.21 per common share (€0.15 per common share) exercisable for one year to an advisor to the Company.
- (4) On June 8, 2017 the Company granted 150,000 stock options at an exercise price of \$0.30 per common share exercisable for two years to an advisor to the Company and an additional 150,000 stock options at an exercise price of \$0.30 per common share exercisable for two years to the Chief Financial Officer of the Company.
- (5) On June 21, 2017 the Company granted 300,000 stock options at an exercise price of \$0.30 per common share exercisable for two years to an advisor to the Company.
- (6) On June 30, 2017 the Company issued 3,333,333 common shares to Teck Ireland Ltd. as consideration for the purchase of a 60% interest in Ballinalack Resources Limited.
- (7) On August 31, 2017 the Company issued MAG Warrants (previously characterized as options) to acquire 1,250,000 common shares to MAG. Each such MAG Warrant entitles MAG to acquire one additional common share at an exercise price of \$0.40 per common share exercisable for a period of two years after the Closing Date.
- (8) On September 6, 2017 the Company issued 1,000,000 common shares to Highland Capital Advisors Inc. pursuant to an advisory agreement.

## ESCROWED SECURITIES AND SECURITIES SUBJECT TO CONTRACTUAL RESTRICTION ON TRANSFER

### ESCROWED SECURITIES

Under the applicable policies and notices of the Canadian Securities Administrators, securities held by Principals are required to be held in escrow in accordance with the national escrow regime applicable to initial public distributions. Common shares owned or controlled by Principals are subject to the escrow requirements.

Principals include all persons or companies that, on completion of the Offering, fall into one of the following categories:

- (a) Directors and senior officers of the Company, as listed in this Prospectus;
- (b) Promoters of the Company during the two years preceding this Offering;
- (c) Those who own and/or control more than 10% of the Company's voting securities immediately before and after completion of this Offering if they also have appointed or have the right to appoint a director or senior officer of the Company or of a material operating subsidiary of the Company
- (d) Those who own and/or control more than 20% of the Company's voting securities immediately before and after completion of this Offering; and
- (e) Associates and affiliates of any of the above.

Pursuant to the Escrow Agreement to be entered into between the Company, TSX Trust Company (the "**Escrow Agent**") and various Principals of the Company, the Principals agree to deposit in escrow the common shares held by them (the "**Escrowed Securities**") with the Escrow Agent. The Exchange has designated MAG as a Principal of the Company. The Escrow Agreement will provide that the Escrowed Securities will be released from escrow in equal blocks of 15% of a Principal's Escrowed Securities at six month intervals over the 36 months following the Listing Date, with 10% of each Principal's holdings being released on the Listing Date.

The Company is an "emerging issuer" as defined in the applicable policies and notices of the Canadian Securities Administrators, and if the Company achieves "established issuer" status during the term of the Escrow Agreement, it will "graduate," resulting in a catch-up release and an accelerated release of any securities remaining in escrow under the 18-month schedule applicable to established issuers, as if the Company had originally been classified as an established issuer.

Pursuant to the terms of the Escrow Agreement, the Escrowed Securities may not be transferred or otherwise dealt with during the term of the Escrow Agreement unless the transfers or dealings within the escrow are:

1. transfers to continuing or, upon their appointment, incoming directors and senior officers of the Company or of a material operating subsidiary, with approval of the Company's Board of Directors;
2. transfers to an RRSP or similar trustee plan provided that the only beneficiaries are the transferor or the transferor's spouse or children;
3. transfers upon bankruptcy to the trustee in bankruptcy; and
4. pledges to a financial institution as collateral for a bona fide loan, provided that upon a realization the securities remain subject to escrow. Tenders of Escrowed Securities to a take-over bid are permitted provided that, if the tenderer is a Principal of the successor corporation upon completion of the take-over bid, securities received in exchange for tendered Escrowed Securities are substituted in escrow on the basis of the successor corporation's escrow classification.

The complete text of the Escrow Agreement will be available for inspection at the offices of the Company's legal counsel, Suite 2200 – 885 West Georgia Street, Vancouver, British Columbia, V6C 3E8.

The following table sets forth details of the issued and outstanding common shares of the Company that are subject to the Escrow Agreement as of the date of this Prospectus. In addition to the common shares of the Company noted below, an additional 4,632,950 common shares issuable upon exercise of the MAG Warrants held by MAG will, upon issuance, be subject to the Escrow Agreement:

| <b>Designation of Class</b> | <b>Number of common shares held in Escrow</b> | <b>Percentage of common shares before giving effect to the Offering</b> | <b>Percentage of common shares after giving effect to the Minimum Offering<sup>(1)</sup></b> | <b>Percentage of common shares after giving effect to the Maximum Offering<sup>(2)</sup></b> |
|-----------------------------|-----------------------------------------------|-------------------------------------------------------------------------|----------------------------------------------------------------------------------------------|----------------------------------------------------------------------------------------------|
| Shares                      | 15,959,411                                    | 35.7%                                                                   | 26.4%                                                                                        | 21.9%                                                                                        |

Note:

- (1) Assumes 60,494,177 common shares outstanding on completion of the Minimum Offering including the Shares and the 3,300,000 common shares issuable pursuant to the exercise of options at Closing.
- (2) Assumes 72,994,177 common shares outstanding on completion of the Maximum Offering including the Shares and the 3,300,000 common shares issuable pursuant to the exercise of options at Closing.
- (3) The depository and the date of and conditions governing the release of securities from escrow are described within this section.

In addition to the common shares subject to the Escrow Agreement, an additional 4,950,000 common shares are subject to the “seed share resale restrictions” imposed by applicable policies of the Exchange.

### PRINCIPAL SECURITYHOLDERS

To the knowledge of the directors and officers of the Company, as of the date of this Prospectus no person beneficially owns or exercises control or direction over common shares carrying more than 10% of the votes attached to the common shares except for MAG who holds such common shares of record and beneficially. It is anticipated that MAG will purchase 2,350,000 Shares and Warrants under the Offering:

| <b>Name</b>                     | <b>Number of common shares beneficially owned directly or indirectly prior to Offering</b> | <b>Number of Shares acquired under Offering</b> | <b>% of common shares held prior to the Offering</b> | <b>% of common shares held after giving effect to the Minimum Offering<sup>(1)</sup></b> | <b>% of common shares held after giving effect to the Maximum Offering<sup>(2)</sup></b> |
|---------------------------------|--------------------------------------------------------------------------------------------|-------------------------------------------------|------------------------------------------------------|------------------------------------------------------------------------------------------|------------------------------------------------------------------------------------------|
| MAG Silver Corp. <sup>(3)</sup> | 6,971,208                                                                                  | 2,350,000                                       | 15.6%                                                | 15.4%                                                                                    | 12.8%                                                                                    |
| MAG Silver Corp. <sup>(4)</sup> | 6,971,208                                                                                  | 2,350,000                                       | n/a                                                  | 24.2%                                                                                    | 20.4%                                                                                    |
| MAG Silver Corp. <sup>(5)</sup> | 6,971,208                                                                                  | 2,350,000                                       | n/a                                                  | 22.3%                                                                                    | 16.6%                                                                                    |

Notes:

- (1) Assumes 60,494,177 common shares outstanding on completion of the Minimum Offering including the Shares and the 3,300,000 common shares issuable pursuant to the exercise of options at Closing.
- (2) Assumes 72,994,177 common shares outstanding on completion of the Maximum Offering including the Shares and the 3,300,000 common shares issuable pursuant to the exercise of options at Closing.
- (3) Excludes the common shares issuable upon exercise of the MAG Warrants and Warrants held by MAG.
- (4) Reflects MAG's holdings assuming exercise of the MAG Warrants and Warrants held by MAG, on a partially diluted basis.
- (5) Reflects MAG's holdings assuming exercise of the MAG Warrants and the Warrants held by MAG, on a fully diluted basis.

## DIRECTORS AND EXECUTIVE OFFICERS

The following table provides the names, municipalities of residence, position, principal occupations and the number of voting securities of the Company that each of the directors and executive officers beneficially owns, directly or indirectly, or exercises control over, as of the date hereof:

| <b>Name and Municipality of Residence and Position with the Company</b>                | <b>Director/ Officer Since</b> | <b>Principal Occupation for the Past Five Years</b>                                                                                                                                                                                                                                                           | <b>Common Shares Beneficially Owned Directly or Indirectly <sup>(1)</sup> (at the date of this Prospectus)</b> |
|----------------------------------------------------------------------------------------|--------------------------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|----------------------------------------------------------------------------------------------------------------|
| Alessandro Bitelli <sup>(2)</sup><br>Vancouver, B.C.<br>Director                       | 2017                           | Executive Vice President, Chief Financial Officer of Lundin Gold Inc. since 2016; former Chief Financial Officer of Orca Gold Inc. from 2013 to 2016; and former Chief Financial Officer of RB Energy Inc. from 2011 to 2014.                                                                                 | Nil                                                                                                            |
| Brendan Cahill <sup>(2)</sup><br>Toronto, Ontario<br>Director                          | 2017                           | President (since 2012) and Chief Executive Officer (since 2013) of Excellon Resources Inc.; prior thereto, Vice President Corporate Development of Pelangio Exploration Inc. (since 2009).                                                                                                                    | 228,202                                                                                                        |
| Daniel MacInnis <sup>(2)</sup><br>Vancouver, B.C.<br>Director and Chair                | 2017                           | Businessman; formerly President and Chief Executive Officer of MAG Silver Corp. from 2005 to 2013.                                                                                                                                                                                                            | Nil                                                                                                            |
| Bart Jaworski<br>County Kilkenny,<br>Ireland<br>Director and Chief Executive Officer   | 2016                           | Chief Executive Officer, the Company (since December 2016); Chief Executive Officer, Group Eleven Resources Limited (subsidiary of the Company) (May 2015 to present); Mining Equity Analyst, J & E Davy (January 2012 to April 2015); Mining Equity Analyst, Raymond James Ltd. (May 2003 to December 2011). | 3,300,001                                                                                                      |
| David Furlong<br>County Wexford,<br>Ireland<br>Chief Operating Officer                 | 2016                           | General Manager and Chief Operating Officer, the Company (since November, 2016); Director (non-executive), Black Rock Resources Ltd. (November 2005 to present).                                                                                                                                              | 2,500,000                                                                                                      |
| John P. Barry<br>County Kildare,<br>Ireland<br>Vice President,<br>Exploration Strategy | 2016                           | Managing Director, Irus Consulting Ltd. (June 2006 to present); prior to November 2013, Chief Executive Officer of Rathdowney Resources Ltd.                                                                                                                                                                  | 2,700,000                                                                                                      |
| Shaun Heinrichs<br>Vancouver, British Columbia<br>Chief Financial Officer              | 2017                           | Chief Financial Officer of the Company since February 2017; Strategic Advisor, Adventus Realty Trust (August 2016 to June 2017); Chief Financial Officer, VMS Ventures Inc. (December 2015 to May 2016); Chief Financial Officer, Veris Gold Corp. (January 2008 to August 2015).                             | 110,000                                                                                                        |

Notes:

- (1) Does not include options to purchase common shares held by directors and officers. See "Options to Purchase Securities".
- (2) Denotes a member of the Audit Committee of the Company.

The term of office of the directors expires annually at the time of the Company's annual general meeting. The term of office of the officers expires at the discretion of the Company's directors.

As at the date of this Prospectus, the directors and officers of the Company as a group owned beneficially, directly or indirectly or exercised control or discretion over an aggregate of 8,838,203 common shares of the Company, which is equal to 19.8% of the common shares currently issued and outstanding.

Alessandro Bitelli (Age: 59) - Director

Mr. Bitelli has over 30 years of experience in the resource industry and in public accounting, having worked both in North America and Europe. A member of the senior management team at the Lundin Group of Companies, he currently holds the position of Executive Vice President and Chief Financial Officer of Lundin Gold Inc. Prior to that, he served as Chief Financial Officer for Red Back Mining Inc., a gold mining company with two African operations that traded on the TSX until its \$9.2 billion takeover in 2010, and most recently, Orca Gold Inc. He is also a director of one other natural resource company, Filo Mining Corp. Mr. Bitelli will devote approximately five percent of his time, or such greater or lesser amount of time as may be required as circumstances dictate, to the affairs of the Company.

Brendan Cahill (Age: 39) - Director

Mr. Cahill has been President and Chief Executive Officer of Excellon Resources Inc. since 2012, where he has led turnaround efforts at the high-grade silver/lead/zinc Platosa Mine in Durango, Mexico and the company's milling operation in Zacatecas. Previously, he was Corporate Secretary and Vice President Corporate Development with the Pelangio group of companies, where he was involved in negotiating Pelangio Mines' merger with Detour Gold Corp. and Pelangio Exploration's acquisition of the Manfo Project in Ghana (site of seven subsequent gold discoveries). Mr. Cahill began his career as an associate lawyer at Davies Ward Phillips & Vineberg LLP, where he provided advice on a number of public/private mergers and acquisitions and financing transactions valued at over \$15 billion. Mr. Cahill is a member of the Young President's Association, a board member of the Mining Association of Canada and the Transplant Cabinet at the University Health Network, and a member of the Law Society of Upper Canada. Mr. Cahill will devote approximately five percent of his time, or such greater or lesser amount of time as may be required as circumstances dictate, to the affairs of the Company.

Daniel MacInnis (Age: 64) - Director and Chair

Mr. MacInnis is the retired President and Chief Executive Officer of MAG Silver Corp. ("MAG"). During his tenure at MAG, he directed and led one of the mineral industry's most successful explorers through the discoveries of the high-grade Juanicipio/Valdecanas silver veins and the discoveries of the Upper Manto and Pegaso silver, lead and zinc mantos at Cinco de Mayo, all in Mexico. Mr. MacInnis has forty years experience in mineral exploration worldwide. He has managed and directed multi-million dollar exploration programs for MAG, Noranda Exploration, Battle Mountain Gold/Hemlo Gold and Sargold Resources. Mr. MacInnis has extensive global experience (including Ireland) in exploration, property acquisitions and joint ventures, management and operations. A significant number of exploitable mineral discoveries have been made under his guidance, including gold and base metal deposits in the United States, Canada and Mexico. He is also a director of MAG and the present Chairman of the Board of Balmoral Resources Ltd. Mr. MacInnis is an accredited director and is a graduate of Saint Francis Xavier University with a B.Sc. in Geology. Mr. MacInnis will devote approximately five percent of his time, or such greater or lesser amount of time as may be required as circumstances dictate, to the affairs of the Company.

Bart Jaworski (Age: 43) – Chief Executive Officer and Director

Mr. Jaworski, based in Kilkenny, Ireland, has been the Chief Executive Officer and a director of the Company since incorporation and a director of GERL since June 15, 2015 and provides his services on a full time basis. Mr. Jaworski has over 20 years' experience in the mining industry, commencing his career as an exploration geologist for over 6 years followed by 12 years as a mining analyst at J & E Davy and Raymond James Ltd. During his time as an exploration geologist he was involved in properties located in Canada, Russia and Costa Rica and was associated with the early stages of the Coffee Creek gold discovery in the Yukon. Mr. Jaworski has a Bachelors of Science (Hons) in Geology from the University of British Columbia.



David Furlong (Age: 46) – Chief Operating Officer

Mr. Furlong is the principal of Black Rock Consulting based in Ireland. He served as a director of the Company since incorporation until October 2017 and was a founding Director of GERL since August 28, 2013 and is also the Chief Operating Officer, providing his services on a full time basis. Mr. Furlong has over 22 years of industry experience as a geologist, most recently spending 7 years (2007 to 2014) as General Manager, Projects for Rathdowney Resources Ltd. Mr. Furlong provides expertise in the design, implementation and management of mineral exploration programs. Mr. Furlong has a Bachelors of Science (Hons) in Exploration and Mining Geology from the University of Wales.

John P. Barry (Age: 62) – Vice President, Exploration Strategy

Mr. Barry, based in Dublin, Ireland, is the Managing Director of Irus Consulting Limited, a provider of geological consulting services. He served as a director of the Company since incorporation until October, 2017 and a director of GERL since December 8, 2014 and will devote approximately 50 percent of his time to the affairs of the Company. Mr. Barry has over 29 years' experience in the precious and base metal mining industry and has served in a senior executive capacity in a number of public companies during that time. Currently since September 2014 he has been a non-executive director of Pasinex Resources Ltd. which has a zinc mine in Turkey. From April 2007 to November 2013 he served as Chief Executive Officer of Rathdowney Resources Ltd., focused on developing a major zinc project in Poland. During that time he also served as Exploration Director for Sovereign Mines of Africa (June 2007 to June 2015), Independent Director of Orogen Gold Ltd. (March 2011 to November 2013), and Independent Director of Heatherdale Resources Ltd (September 2012 to November 2013). Mr. Barry has a Masters in Science (Geology), Pennsylvania State University, and Masters in Business Administration from the Edinburgh School of Business, Heriot-Watt University, Scotland.

Shaun Heinrichs (Age: 44) – Chief Financial Officer

Shaun Heinrichs, based in Vancouver, Canada, is the Chief Financial Officer of the Company. He has served with the Company since February 2017 and devotes approximately 90% of his time to the affairs of the Company. Mr. Heinrichs has over 19 years of financial accounting experience primarily in the mining industry, and has over seven years of public practice experience with Ernst & Young LLP in Vancouver where he provided assurance and advisory services to several U.S and Canadian public companies. He subsequently held senior management roles in several public companies, including serving as the Chief Financial Officer Veris Gold Corp., a precious metals producer listed in Canada and the US, from 2008 to 2015, and as Chief Financial Officer of VMS Ventures Inc., a base metals producer listed in Canada, from 2015 to 2016. Mr. Heinrichs holds a Bachelors of Business Administration from Simon Fraser University and is a Chartered Professional Accountant.

AUDIT COMMITTEE

The board of directors of the Company has constituted an audit committee. The audit committee is comprised of Messrs. Bitelli, Cahill and MacInnis.

CORPORATE CEASE TRADE ORDERS OR BANKRUPTCIES

To the Company's knowledge and other than as disclosed herein, no director or executive officer or promoter of the Company is, as at the date of this Prospectus, or was within 10 years before the date hereof, a director, chief executive officer or chief financial officer of any person or company, including the Company, that:

- (a) was subject to (i) a cease trade order; (ii) an order similar to a cease trade order; or (iii) an order that denied the relevant company access to any exemption under securities legislation, that was in effect for a period of more than 30 consecutive days (an "order") that was issued while the director or executive officer or promoter was acting in the capacity of a director, the chief executive officer or the chief financial officer thereof; or
- (b) was subject to an order that was issued after the director or executive officer or promoter ceased to be a director, the chief executive officer or the chief financial officer thereof and which resulted from an event that occurred while that person was acting in such capacity.

To the Company's knowledge and other than as disclosed herein, no director or executive officer or promoter of the Company or a shareholder holding a sufficient number of securities of the Company to affect materially the control of the Company:

- (a) is, as at the date of this Prospectus, or has been within the 10 years before the date hereof, a director or executive officer of any person or company, including the Company, that, while that person was acting in that capacity, or within a year of that person ceasing to act in that capacity, became bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency or was subject to or instituted any proceedings, arrangement or compromise with creditors or had a receiver, receiver manager or trustee appointed to hold its assets; or
- (b) has, within the 10 years before the date of this Prospectus, become bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency, or become subject to or instituted any proceedings, arrangement or compromise with creditors, or had a receiver, receiver manager or trustee appointed to hold the assets of the director, executive officer or shareholder.

Mr. Alessandro Bitelli was the Chief Financial Officer of RB Energy Inc. ("**RBI**") when it sought court protection under the *Companies' Creditors Arrangement Act* (the "**CCAA**") and was granted such protection by an order of the Québec Superior Court on October 14, 2014. The Toronto Stock Exchange delisted RBI common shares effective at the close of business on November 24, 2014 for failure to meet its continued listing requirements. Since that time, RBI common shares have been suspended from trading. On May 8, 2015, the Québec Superior Court appointed Duff & Phelps Canada Restructuring Inc., now KSV Advisory Inc., as receiver of RBI and its Canadian subsidiaries to administer and realize upon the assets of RBI.

On April 1, 2014 the British Columbia Securities Commission ordered under section 164(1) of the *Securities Act* (British Columbia) that all trading by Insiders in the securities of Veris Gold Corp. cease until the annual statements were filed. As the Chief Financial Officer at that time, Mr. Heinrichs was subject to the order. The annual statements were filed on April 15, 2014 and the cease trade order was revoked.

Mr. Heinrichs was acting as Chief Financial Officer of Veris Gold Corp. when on June 9, 2014 such company made an application under the CCAA in the Supreme Court of British Columbia. On June 9, 2014, Veris Gold Corp. also has filed a petition seeking protection under Chapter 15 of the U.S. Bankruptcy Code in the U.S. Bankruptcy Court for the District of Nevada.

#### PENALTIES OR SANCTIONS

To the Company's knowledge and other than as disclosed herein, no director or executive officer or promoter of the Company or a shareholder holding a sufficient number of securities of the Company to affect materially the control of the Company, has been subject to:

- (a) 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
- (b) any other penalties or sanctions imposed by a court or regulatory body that would likely be considered important to a reasonable investor in making an investment decision.

#### PERSONAL BANKRUPTCIES

No director or officer of the Company, nor any shareholder holding sufficient securities of the Company to affect materially the control of the Company, nor any personal holding company of any such person has, within the ten years before the date of this Prospectus, become bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency, or been subject to or instituted any proceedings, arrangements or compromise with creditors, or had a receiver, receiver manager or trustee appointed to hold the assets of that person.

## CONFLICTS OF INTEREST

The directors of the Company are required by law to act honestly and in good faith with a view to the best interests of the Company and to disclose any interests, which they may have in any project or opportunity of the Company. If a conflict of interest arises at a meeting of the board of directors, any director in a conflict will disclose his interest and abstain from voting on such matter.

There are no known existing or potential conflicts of interest among the Company, its promoters, directors and officers or other members of management of the Company or of any proposed promoter, director, officer or other member of management as a result of their outside business interests except that certain of the directors and officers serve as directors and officers of other companies, and therefore it is possible that a conflict may arise between their duties to the Company and their duties as a director or officer of such other companies.

## TECHNICAL ADVISORY PANEL

Dr. Peter Megaw, Mr. Frank Hallam, Mr. John Prochnau and Mr. David Whitehead are members of a technical advisory panel established by the Company and provide the Company with strategic and technical advice from time to time on an ad-hoc basis. The panel members are not directors or officers of the Company. The panel members were granted options under the Company's Share Option Plan. The Panel members may, at the discretion of the directors, be granted options following Closing under the Company's New Stock Option Plan, although there are no understandings or commitments at present between the panel members and the Company regarding any such grant.

The following are biographies of the panel members.:

### Dr. Peter Megaw, C.P.G.

Dr. Megaw has a Ph.D. in Geology from the University of Arizona and more than 30 years of relevant experience focussed on silver and gold exploration in Mexico. He is a certified Professional Geologist by the American Institute of Professional Geologists and an Arizona registered geologist. Dr. Megaw has been instrumental in a number of district-scale mineral discoveries in Mexico including Excellon Resources' Platosa Mine, and MAG's Juancipio and Cinco de Mayo properties. Dr. Megaw is the author of numerous scientific publications on ore deposits, and is a world-renowned expert in carbonate replacement silver, lead-zinc deposits. He has received several major awards for his work, including the 2017 Thayer Lindsley Award from the Prospectors and Developers Association of Canada. He is currently the Chief Exploration Officer of MAG Silver Corp.

### Frank Hallam

Mr. Hallam is a founder and a director of Platinum Group Metals Ltd. Mr. Hallam has extensive operating and financial experience at the senior management level with several TSX and NYSE listed resource companies and has over twenty years of experience working in East and South Africa. In his role as Chief Financial Officer and director with Tan Range Exploration he set up and administered exploration offices in Tanzania, Ethiopia and Eritrea, among others. Mr. Hallam has been involved in raising over \$1 billion for exploration, mining development and production and has taken part in negotiating and managing property deals with Anglo Platinum Ltd., Barrick Gold Corporation, Johannesburg Consolidated Investments and Newmont Mining Corporation. Mr. Hallam was a co-founder and director of West Timmins Mining that was purchased by producing company Lake Shore Gold Corp. in 2009, where he now serves as a director. Mr. Hallam was a co-founder and former director until 2014 of MAG. Mr. Hallam also serves as Chief Financial Officer, Corporate Secretary and director of West Kirkland Mining Inc. and is a director of Nextraction Energy Corp.

### John Prochnau

Mr. Prochnau has extensive experience as a successful explorationist and public company executive. Mr. Prochnau is an inductee of the Casey Research "Explorers' League, Miners and Explorers Hall of Fame" (2005) and is associated with discoveries at Alligator Ridge (Nevada) and Esquel (Argentina). Mr. Prochnau has experience with Irish exploration through the founding and managing of Billiton's Irish operations in the 1980s. Mr. Prochnau founded and managed private and public mineral companies including Brancote Holdings and is currently a director

of Carolina Gold Resources. Mr. Prochnau holds a B.Sc. Mining Engineering degree from University Washington, USA and an M.Sc. Geology degree from McGill University, Canada.

#### David Whitehead

Mr. Whitehead is a mining geologist with over 40 years' experience of all aspects of mineral exploration, mine development and operations management including 20 years at senior executive level in one of the world's major mining companies where he was responsible for long-term strategic planning and the management of a portfolio of gold mines and exploration and development programs. Mr. Whitehead retired in 2002 as Vice-President, Integration, Exploration and Innovation at BHP Billiton Group Plc, having been with the Billiton Group since 1976. As Chief Executive, Exploration and Development of Billiton Plc from 1997, Mr. Whitehead created and introduced a market oriented and commercial approach to minerals exploration, involving the formation of strategic alliances with junior exploration companies. Mr. Whitehead is currently a director of Tertiary Minerals plc, Consolidated Mines & Investments Ltd and Chairman of its subsidiary Consolidated Nickel Mines Ltd.

### **EXECUTIVE COMPENSATION**

#### **DIRECTOR AND EXECUTIVE OFFICER COMPENSATION**

Upon becoming a reporting issuer, the Company will have three named executive officers, Bart Jaworski, President and Chief Executive Officer; Shaun Heinrichs, the Chief Financial Officer; and David Furlong, Chief Operating Officer (together, the "NEOs").

Presently, Mr. Jaworski receives a base salary of €65,000 per annum which will be revised to an annual salary of \$200,000 upon the Company becoming a reporting issuer. Currently, Mr. Heinrichs is paid a monthly consulting fee of \$7,000 which will be revised to an annual salary of \$132,000 upon the Company becoming a reporting issuer. Presently, Mr. Furlong receives a base salary of €65,000 per annum which will be revised to an annual salary of \$150,000 upon the Company becoming a reporting issuer.

The NEOs will be eligible to receive discretionary bonuses as determined by the board of directors based on each officer's responsibilities, his achievement of corporate objectives, and the Company's financial performance. There is no formal timing for when such an analysis would be performed or when NEOs would be eligible to receive a salary or discretionary bonus. Any salary or bonus would be determined at the absolute discretion of the board, and there are presently no performance criteria, goals, or peer groups which have been set or identified in relation to NEO compensation.

The Company expects that the compensation of the NEOs in the year ending December 31, 2017 will be \$260,000.

Director compensation is determined by the directors, acting as a whole. The only arrangements the Company has pursuant to which directors are compensated by the Company for their services in their capacity as directors, or for committee participation, involvement in special assignments or for services as consultant or expert during the most recently completed financial year or subsequently, are by the issuance of incentive Share Options pursuant to the Company's Share Option Plan.

The purpose of granting such options is to assist the Company in compensating, attracting, retaining, and motivating the directors of the Company and to closely align the personal interests of such persons to that of the shareholders.

Presently, except as described elsewhere in this Prospectus, the Company has no plans to compensate directors in the year ending December 31, 2017.

## EXTERNAL MANAGEMENT COMPANIES

All NEOs acting for the Company act on their own behalf, and do not presently provide their services through an external management company.

## INCENTIVE PLAN AWARDS

### Common Share Purchase Plan

The Company has in effect the Share Option Plan in order to provide effective incentives to directors, officers, senior management personnel and employees of the Company and to enable the Company to attract and retain experienced and qualified individuals in those positions by permitting such individuals to directly participate in an increase in per share value created for the Company's Shareholders. The Share Option Plan was adopted by resolution of the directors of the Company and is not subject to shareholder approval under the rules of the Exchange. The Company has no equity incentive plans other than the Share Option Plan. Details on the Share Option Plan, including material terms, can be found in section "Options to Purchase Securities – Share Option Plan."

The Company does not expect to issue any further options under the Share Option Plan to directors of the Company and NEOs during the year ending December 31, 2017. The Company intends to adopt the New Stock Option Plan (see "Options to Purchase Securities - Share Option Plan and New Stock Option Plan").

## EMPLOYMENT, CONSULTING, AND MANAGEMENT AGREEMENTS

The terms of Mr. Jaworski's employment agreement provide that he shall devote all of his time to the Company and shall be appointed to the office of Chief Executive Officer and Director having a salary of \$200,000 per annum. Mr. Jaworski shall have an entitlement to an annual bonus of up to \$75,000 (such bonus to be entirely at the discretion of the directors and shall be based, among other things, on the Company's corporate performance, treasury and geological success and such other matters as the directors may in their discretion determine) and shall be entitled to the grant of options under the New Stock Option Plan on a pari passu basis with the other non-executive directors of the Company. Mr. Jaworski will be entitled to three month's advance notice of severance or termination, and is entitled to a severance payment equal to two year's salary and bonus plus full vesting of all outstanding options should his employment be terminated by the Company without cause.

The Company has entered into a consulting agreement with Mr. Heinrichs whereby it pays \$7,000 per month for the performance of certain management functions. Upon successful completion of the Offering, Mr. Heinrichs will be entitled to an annual consulting fee of \$132,000, paid in equal monthly installments. Furthermore, Mr. Heinrichs shall have an entitlement to an annual bonus of up to \$50,000 (such bonus to be entirely at the discretion of the directors and shall be based, among other things, on the Company's corporate performance, treasury, financial governance and geological success and such other matters as the directors may in their discretion determine) and shall be entitled to the grant of options under the New Stock Option Plan. Mr. Heinrichs is obliged to provide the Company with three month's advance notice should he determine to terminate the consulting agreement, and is entitled to a payment equal to one year's consulting fee and onus plus full vesting of all outstanding options should the consulting agreement be terminated by the Company without cause.

The terms of Mr. Furlong's employment agreement provide that he shall devote all of his time to the Company and shall be appointed to the office of Chief Operating Officer having a salary of \$150,000 per annum. Mr. Furlong shall have an entitlement to an annual bonus of up to \$50,000 (such bonus to be entirely at the discretion of the directors and shall be based, among other things, on the Company's corporate performance, treasury and geological success and such other matters as the directors may in their discretion determine) and shall be entitled to the grant of options under the New Stock Option Plan on a pari passu basis with the other non-executive directors of the Company. Mr. Furlong will be entitled to three month's advance notice of severance or termination, and is entitled to a severance payment equal to one year's salary and bonus plus full vesting of all outstanding options should his employment be terminated by the Company without cause.

## TERMINATION AND CHANGE OF CONTROL BENEFITS

Other than as described above regarding the terms of the employment agreement to be made with Mr. Furlong, the Company does not have any contracts, agreements, plans or arrangements in place with any NEO that provides for payment following or in connection with any termination (whether voluntary, involuntary or constructive, resignation, retirement, a change of control of the Company or a change in an NEO's responsibilities).

## INDEBTEDNESS OF DIRECTORS AND EXECUTIVE OFFICERS

No existing or proposed director, executive officer or senior officer of the Company or any associate of any of them, was indebted to the Company as at the date of this Prospectus or is currently indebted to the Company.

## AUDIT COMMITTEE

The charter of the Company's audit committee and the other information required to be disclosed by Form 52-110F2 is attached to this Prospectus as Schedule "A".

## CORPORATE GOVERNANCE

The information required to be disclosed by National Instrument 58-101 *Disclosure of Corporate Governance Practices* is attached to this Prospectus as Schedule "B".

## PLAN OF DISTRIBUTION

Pursuant to the terms and conditions of the agency agreement dated December 4, 2017 among the Company and the Agents (the "**Agency Agreement**") the Company has appointed the Agents to conduct the Offering in the Selling Provinces, on a commercially reasonable efforts basis. The Agents may enter into selling arrangements with other investment dealers at no additional cost to the Company. A minimum of 12,500,000 Units and a maximum of 25,000,000 Units shall be offered under the Offering, for total gross proceeds of a minimum of \$5.0 million and a maximum of \$10.0 million (excluding any Units issued upon exercise of the Over-Allotment Option). The Agents will receive, on the Closing Date:

1. A commission of 6.0% of the gross proceeds of the Offering, payable in cash;
2. A quantity of Agents' Warrants equal to 6.0% of the Units, where each Agents' Warrant provides the right to acquire one Agents' Warrant Share, exercisable at the Offering Price for a period of 18 months from the Closing Date; and
3. The Agents' Expenses.

The Agents have agreed to assist with the Offering on a commercially reasonable efforts basis, but are not obligated to purchase any of the Units for their own account.

Subscriptions will be received for the Units subject to rejection or acceptance by the Company in whole or in part, and the right is reserved to close the subscription books at any time. Upon rejection of a subscription, or in the event that the Offering does not complete within the term of the Agency Agreement or the time required by the rules of the Securities Commissions, the subscription price and the subscription will be returned to the Subscriber forthwith without interest or deduction. The initial closing of the Offering is conditional on the Minimum Offering of \$5.0 million being achieved. The Offering will not be completed and no subscription funds will be advanced to the Company unless and until the Minimum Offering has been raised. In the event the Minimum Offering is not attained by the Transaction Deadline, or such other date as agreed to by the Company and the Agents, but in any event no later than the end of the Offering Period, all subscription funds that subscribers may have advanced to the Agents in respect of the Offering will be refunded to the subscribers without interest or deduction. If less than the Maximum Offering is subscribed for at the initial closing of the Offering, subsequent closings may be held at any time, and from time to time, as the Company and the Agents may agree, provided that such closings occur before the end of the Offering Period.

Certificates representing the Shares acquired hereunder will be delivered on the Closing Date unless the Agents elects for delivery in book entry form through CDS Clearing and Depository Services Inc. (“CDS”) or its nominee and will be deposited with CDS. If delivered in book entry form, purchasers of Shares will receive only a customer confirmation from the registered dealer that is a CDS participant and from or through which the Shares were purchased. Certificates representing the Warrants acquired hereunder will be delivered on the Closing Date. Notwithstanding anything to the contrary contained herein, Warrants sold pursuant to Section 4(a)(2) of the 1933 Act will be represented by definitive certificates registered in the name of the purchasers thereof or their nominees.

The Units and the securities comprising the Units have not been and will not be registered under the 1933 Act or any state securities laws, and may not be offered or sold in the United States or to, or for the account or benefit of, a U.S. person, except in transactions exempt from the registration requirements of the 1933 Act and applicable state securities laws. Except as permitted in the Agency Agreement and as permitted by applicable laws of the United States, the Agents have agreed that they will not sell the Units within the United States or to, or for the account or benefit of, any U.S. person, except in accordance with Section 4(a)(2) of the U.S. Securities Act and in compliance with applicable U.S. state securities laws. The Agency Agreement permits the Agents to offer the Units to “qualified institutional buyers” (as such term is defined in Rule 144A under the 1933 Act) in the United States for sale directly by the Company, provided such sales are made in accordance with Section 4(a)(2) under the 1933 Act and applicable U.S. state securities laws. Moreover, the Agency Agreement provides that the Agents will offer and sell Units outside the United States and to non-U.S. persons only in accordance with Rule 903 of Regulation S under the 1933 Act.

In addition, until 40 days after the commencement of the Offering, an offer or sale of Units or securities comprising the Units within the United States by any dealer (whether or not participating in the Offering) may violate the registration requirement of the 1933 Act if such offer or sale is made otherwise than in accordance with an exemption from the registration requirement of the 1933 Act.

The Agency Agreement provides that, upon the occurrence of certain events or at the discretion of the Agents on the basis of its assessment of the state of the financial markets or the market for the Units that the Units cannot be marketed profitably, the Agents may terminate the Offering. The Agents may also terminate its obligations under the Agency Agreement at any time upon the occurrence of certain events, such as the breach of any term of the Agency Agreement by the Company. The Company agrees not to, directly or indirectly, issue, sell or grant or agree to announce any intention to issue, sell or grant, any additional equity or quasi-equity securities for a period of 180 days from the Closing of the Offering without the prior written consent of the Agents, such consent not to be unreasonably withheld, except in conjunction with: (i) the grant or exercise of Share Options and other similar issuances pursuant to the Share Option Plan of the Company and other share compensation arrangements; (ii) the Warrants; (iii) obligations in respect of existing mineral property agreements; and (iv) the issuance of securities in connection with property or share acquisitions in the normal course of business. The directors and officers of the Company will also enter into customary lock up agreements restricting transfer of their common shares and Warrants, if any, for a period of 180 days from the Closing.

In connection with the Offering, subject to applicable laws, the Agents may over-allot or effect transactions that stabilize or maintain the market price of the Units at levels other than those which otherwise might prevail on the open market, including stabilizing transactions, short sales, purchases to cover positions created by short sales, imposition of penalty bids and syndicate covering transactions. Such transactions, if commenced, may be discontinued at any time.

There are no payments in cash, securities or other consideration being made, or to be made, to a promoter, finder or any other person or company in connection with the Offering other than the payments to be made to the Agents in accordance with the terms of the Agency Agreement. See “Plan of Distribution – Agency Agreement” above.

Closing of the Offering is subject to conditions which are set out in the Agency Agreement.

The directors, officers and other insiders of the Company may purchase Units under the Offering. The price of the Units offered under this Prospectus was determined by negotiation between the Company and the Agents, and bears no relationship to earnings, book value or other valuation criteria.

#### LISTING OF SHARES



The TSX Venture Exchange has conditionally approved the listing of the Shares comprising the Units subject to the issuer fulfilling all the listing requirements of the Exchange

As at the date of this Prospectus, the Company does not have any of its securities listed or quoted, has not applied to list or quote any of its securities, and does not intend to apply to list or quote any of its securities, on The Toronto Stock Exchange, Aequitas NEO Exchange Inc., a U.S. marketplace, or a marketplace outside Canada and the United States of America (other than the Alternative Investment Market of the London Stock Exchange or the Plus markets operated by Plus Markets Group PLC). See “Risk Factors”.

## CERTAIN CANADIAN FEDERAL INCOME TAX CONSIDERATIONS

In the opinion of Cassels, Brock & Blackwell LLP, counsel to the Company, and Blake, Cassels & Graydon LLP, counsel to the Agents, the following is, as of the date of this Prospectus, a summary of the principal Canadian federal income tax considerations generally applicable to an investor who acquires a Unit, consisting of one Share and one Warrant, pursuant to the Offering and Warrant Shares upon the exercise of Warrants.

This summary applies only to a holder who is a beneficial owner of Units acquired pursuant to this Offering, and who, for the purposes of the Tax Act, and at all relevant times, deals at arm’s length with the Company and the Underwriters, is not affiliated with the Company or the Underwriters, and who acquires and holds the Shares and any Warrant Shares acquired on the exercise of Warrants and Warrants as capital property (a “**Holder**”). Generally, the Shares, Warrant Shares and Warrants will be considered to be capital property to a Holder thereof provided that the Holder does not use the Shares, Warrant Shares or Warrants in the course of carrying on a business of trading or dealing in securities and such Holder has not acquired them in one or more transactions considered to be an adventure or concern in the nature of trade.

This summary does not apply to a Holder (i) that is a “financial institution” for the purposes of the mark-to-market rules contained in the Tax Act; (ii) that is a “specified financial institution” as defined in the Tax Act; (iii) an interest in which would be a “tax shelter investment” as defined in the Tax Act; (iv) that has made a functional currency reporting election under the Tax Act; or (v) that has or will enter into a “derivative forward agreement”, as that term is defined in the Tax Act, with respect to the Shares, Warrant Shares or Warrants. Such Holders should consult their own tax advisors with respect to an investment in Units.

Additional considerations, not discussed herein, may be applicable to a Holder that is a corporation resident in Canada or a corporation that does not deal at arm’s length, for purposes of the Tax Act, with a corporation resident in Canada, and is, or becomes as part of a transaction or event or series of transactions or events that includes the acquisition of the Offered Units, controlled by a non-resident corporation for purposes of the “foreign affiliate dumping” rules in section 212.3 of the Tax Act. Such Holders should consult their tax advisors with respect to the consequences of acquiring Units.

On July 18, 2017, the Minister of Finance (Canada) released a consultation paper that indicated an announcement of the Government’s intention to amend the Tax Act to increase the amount of tax applicable to passive investment income earned through a private corporation. No specific amendments to the Tax Act were proposed in connection with this announcement. On October 3, 2017 the Minister of Finance (Canada) announced a detailed review of submissions received during the consultation period was being undertaken. Holders that are private corporations should consult their own tax advisors.

This summary is based upon the current provisions of the Tax Act and the Regulations, counsel’s understanding of the current published administrative policies and assessing practices of the Canada Revenue Agency (the “**CRA**”) and all specific proposals to amend the Tax Act and the Regulations publicly announced by or on behalf of the Minister of Finance (Canada) prior to the date hereof (the “**Tax Proposals**”). This summary assumes that the Tax Proposals will be enacted substantially as proposed; however, no assurance can be given that the Tax Proposals will be enacted as proposed or at all. This summary does not otherwise take into account or anticipate any changes in law or the CRA’s administrative policies or assessing practices, whether by legislative, governmental or judicial decision or action, nor does it take into account any provincial, territorial or foreign income tax legislation or considerations.

This summary is of a general nature only, is not exhaustive of all possible Canadian federal income tax considerations and is not intended to be, nor should it be construed to be, legal or tax advice to any particular

Holder. Accordingly, Holders should consult their own tax advisors with respect to their particular circumstances.

#### ALLOCATION OF OFFERING PRICE OF UNITS

The Offering Price of a Unit to a Holder must be allocated on a reasonable basis between the Share and the Warrant comprising a Unit to determine the cost of each to the Holder for purposes of the Tax Act. For its purposes, the Company intends to allocate \$0.399 of the issue price of each Unit as consideration for the issue of each Share and \$0.001 of the issue price of each Unit as consideration for the issue of each Warrant. Although the Company believes that its allocation is reasonable, it is not binding on the CRA or the Holder, and counsel expresses no opinion with respect to such allocation. The Holder's adjusted cost base of the Share comprising a part of each Unit will be determined by averaging the cost allocated to the Share with the adjusted cost base to the Holder of all Shares owned by the Holder as capital property immediately prior to such acquisition.

#### EXERCISE OF WARRANTS

The exercise of a Warrant to acquire a Warrant Share will be deemed not to constitute a disposition of property for purposes of the Tax Act. As a result, no gain or loss will be realized by a Holder upon the exercise of a Warrant to acquire a Warrant Share. When a Warrant is exercised, the Holder's cost of the Warrant Share acquired thereby will be equal to the aggregate of the Holder's adjusted cost base of such Warrant and the exercise price paid for the Warrant Share. The Holder's adjusted cost base of the Warrant Share so acquired will be determined by averaging the cost of the Warrant Share with the adjusted cost base to the Holder of all Shares owned by the Holder as capital property immediately prior to such acquisition.

#### HOLDERS RESIDENT IN CANADA

The following section of this summary is generally applicable to a Holder who, for the purposes of the Tax Act, is or is deemed to be resident in Canada at all relevant times ("**Resident Holder**"). A Resident Holder whose Shares and Warrant Shares might not otherwise qualify as capital property may be entitled to make an irrevocable election permitted by subsection 39(4) of the Tax Act to deem the Shares, Warrant Shares and every other "Canadian security" (as defined in the Tax Act), held by such person, in the taxation year of the election and each subsequent taxation year to be capital property. This election does not apply to Warrants. Resident Holders should consult their own tax advisors regarding this election.

#### Expiry of Warrants

In the event of the expiry of an unexercised Warrant, a Resident Holder generally will realize a capital loss equal to the Resident Holder's adjusted cost base of such Warrant. The tax treatment of capital gains and capital losses is discussed in greater detail below under the subheading "Capital Gains and Capital Losses".

#### Dividends

Dividends received or deemed to be received on the Shares and Warrant Shares will be included in computing a Resident Holder's income. In the case of an individual (other than certain trusts), such dividends will be subject to the gross-up and dividend tax credit rules normally applicable in respect of "taxable dividends" received from "taxable Canadian corporations" (as defined in the Tax Act). An enhanced dividend tax credit will be available to individuals (other than certain trusts) in respect of "eligible dividends" designated by the Company to the Resident Holder in accordance with the provisions of the Tax Act. There may be limitations on the ability of the Company to designate dividends as "eligible dividends".

Dividends received or deemed to be received on the Shares and Warrant Shares by a Resident Holder that is a corporation must be included in computing its income but generally will be deductible in computing its taxable income. In certain circumstances, subsection 55(2) of the Tax Act will treat a taxable dividend received or deemed to be received by a Resident Holder that is a corporation as proceeds of disposition or a capital gain. Resident Holders that are corporations should consult their own tax advisors having regard to their own circumstances.

A Resident Holder that is throughout the relevant taxation year a “Canadian controlled private corporation” (as defined in the Tax Act) also may be liable to pay an additional refundable tax on its “aggregate investment income” (as defined in the Tax Act) for the year, which is defined to include an amount in respect of dividends.

A Resident Holder that is a “private corporation” or a “subject corporation” (as defined in the Tax Act), may be liable to pay a refundable tax under Part IV of the Tax Act on dividends received or deemed to be received on the Shares and Warrant Shares to the extent such dividends are deductible in computing taxable income.

#### Dispositions of Shares and Warrants

Upon a disposition or a deemed disposition of a Share, a Warrant Share or a Warrant (other than on the exercise thereof), a Resident Holder generally will realize a capital gain (or a capital loss) equal to the amount by which the proceeds of disposition, net of any reasonable costs of disposition, are greater (or are less) than the adjusted cost base of such security to the Resident Holder. The tax treatment of capital gains and capital losses is discussed in greater detail below under the subheading “Capital Gains and Capital Losses”.

#### Capital Gains and Capital Losses

Generally, a Resident Holder is required to include in computing its income for a taxation year one-half of the amount of any capital gain (a “**taxable capital gain**”) realized in the year. Subject to and in accordance with the provisions of the Tax Act, a Resident Holder is required to deduct one-half of the amount of any capital loss (an “**allowable capital loss**”) realized in a taxation year from taxable capital gains realized in the year by such Resident Holder. Allowable capital losses in excess of taxable capital gains realized in a taxation year may be carried back and deducted in any of the three preceding taxation years or carried forward and deducted in any following taxation year against taxable capital gains realized in such year to the extent and under the circumstances described in the Tax Act.

The amount of any capital loss realized on the disposition or deemed disposition of Shares or Warrant Shares by a Resident Holder that is a corporation may be reduced by the amount of dividends received or deemed to have been received by it on such shares or shares substituted for such shares, to the extent and in the circumstances specified by the Tax Act. Similar rules may apply where a Share or Warrant Share is owned by a partnership or trust of which a corporation, trust or partnership is a member or beneficiary. Resident Holders to whom these rules may be relevant should consult their own tax advisors.

A Resident Holder that is throughout the relevant taxation year a “Canadian-controlled private corporation” (as defined in the Tax Act) also may be liable to pay an additional refundable tax on its “aggregate investment income” (as defined in the Tax Act) for the year which will include taxable capital gains.

#### Minimum Tax

Capital gains realized and dividends received by a Resident Holder that is an individual or a trust, other than certain specified trusts, may give rise to minimum tax under the Tax Act. Resident Holders should consult their own advisors with respect to the application of the minimum tax.

#### HOLDERS NOT RESIDENT IN CANADA

The following section of this summary is generally applicable to Holders who for the purposes of the Tax Act (i) have not been and will not be deemed to be resident in Canada at any time while they hold the Shares, Warrant Shares or Warrants; and (ii) do not use or hold the Shares, Warrant Shares or Warrants in carrying on a business in Canada (“**Non-Resident Holders**”).

Special rules, which are not discussed in this summary, may apply to a Non-Resident Holder that is an insurer carrying on business in Canada and elsewhere. Such Non-Resident Holders should consult their own tax advisors.

#### Dividends

Dividends paid or credited or deemed to be paid or credited to a Non-Resident Holder by the Company will be subject to Canadian withholding tax at the rate of 25% on the gross amount of the dividend unless such rate is reduced by the terms of an applicable tax treaty. Under the Canada-United States Tax Convention (1980), as amended (the “**Treaty**”), the rate of withholding tax on dividends paid or credited to a Non-Resident Holder who is resident in the U.S. for purposes of the Treaty and fully entitled to benefits under the Treaty (a “U.S. Holder”) is generally limited to 15% of the gross amount of the dividend (or 5% in the case of a U.S. Holder that is a company beneficially owning at least 10% of the Company’s voting shares).

#### Dispositions of Shares and Warrants

A Non-Resident Holder generally will not be subject to tax under the Tax Act in respect of a capital gain realized on the disposition or deemed disposition of a Share, Warrant Share or a Warrant, nor will capital losses arising therefrom be recognized under the Tax Act, unless the Share, Warrant Share or Warrant constitutes “taxable Canadian property” to the Non-Resident Holder for purposes of the Tax Act, and the gain is not exempt from tax pursuant to the terms of an applicable tax treaty.

Provided the Shares and Warrant Shares are listed on a “designated stock exchange”, as defined in the Tax Act (which includes tiers 1 and 2 of the Exchange), at the time of disposition, the Shares, Warrant Shares and Warrants generally will not constitute taxable Canadian property of a Non-Resident Holder at that time, unless at any time during the 60 month period immediately preceding the disposition the following two conditions are met concurrently: (i) the Non-Resident Holder, persons with whom the Non-Resident Holder did not deal at arm’s length, partnerships in which the Non-Resident Holder or such non-arm’s length person holds a membership interest (either directly or indirectly through one or more partnerships), or the Non-Resident Holder together with all such persons, owned 25% or more of the issued shares of any class or series of shares of the Company; and (ii) more than 50% of the fair market value of the Shares or Warrant Shares, as applicable, was derived directly or indirectly from one or any combination of real or immovable property situated in Canada, “Canadian resource properties” (as defined in the Tax Act), “timber resource properties” (as defined in the Tax Act) or an option, an interest or right in such property, whether or not such property exists. Notwithstanding the foregoing, a Share, Warrant Share or Warrant may otherwise be deemed to be taxable Canadian property to a Non-Resident Holder for purposes of the Tax Act in certain circumstances. A Non-Resident Holder’s capital gain (or capital loss) in respect of a disposition of Shares, Warrant Shares or Warrants that constitute or are deemed to constitute taxable Canadian property to a Non-Resident Holder (and are not “treaty-protected property” as defined in the Tax Act) will generally be computed in the manner described above under the subheading “Holders Resident in Canada — Dispositions of Shares and Warrants”. Non-Resident Holders whose Shares, Warrant Shares or Warrants are taxable Canadian property should consult their own tax advisors regarding the tax and compliance considerations that may be relevant to them.

## **RISK FACTORS**

### **GENERAL**

The Company is in the business of exploring mineral properties, which is a highly speculative endeavor. A purchase of any of the securities offered hereunder involves a high degree of risk and should be undertaken only by purchasers whose financial resources are sufficient to enable them to assume such risks and who have no need for immediate liquidity in their investment. An investment in the securities offered hereunder should not constitute a major portion of an individual’s investment portfolio and should only be made by persons who can afford a total loss of their investment. Prospective purchasers should evaluate carefully the following risk factors associated with an investment in the Company’s securities prior to purchasing any of the securities offered hereunder.

### **INSUFFICIENT CAPITAL**

The Company does not currently have any revenue producing operations and may, from time to time, report a working capital deficit. To maintain its activities, the Company will require additional funds which may be obtained either by the sale of equity capital or by entering into an option or joint venture agreement with a third party providing such funding. There is no assurance that the Company will be successful in obtaining such additional financing; failure to do so could result in the loss or substantial dilution of the Company’s interest in one or more of its properties, including the Material Properties.

## NO ESTABLISHED MARKET

The Company has applied to list the Shares comprising the Units distributed under this Prospectus on the Exchange. Listing will be subject to the Company fulfilling all the listing requirements of the Exchange. There is currently no market through which the Company's securities may be sold and purchasers may not be able to resell the Shares purchased under this Prospectus. Even if a market develops, there is no assurance that the price of the Shares offered under this Prospectus, which was determined through negotiations between the Company and the Agents, will reflect the market price of the Shares once a market has developed. If an active public market for the Shares does not develop, the liquidity of a shareholder's investment may be limited and the share price may decline below the initial public Offering Price.

## LIMITED BUSINESS HISTORY

The Company has only recently commenced operations and has no history of operating earnings. The likelihood of success of the Company must be considered in light of the problems, expenses, difficulties, complications and delays frequently encountered in connection with the establishment of any business. The Company has limited financial resources and there is no assurance that additional funding will be available to it for further operations or to fulfill its obligations under applicable agreements. There is no assurance that the Company can generate revenues, operate profitably, or provide a return on investment, or that it will successfully implement its plans.

## HIGH RISK, SPECULATIVE NATURE OF INVESTMENT

An investment in the Units carries a high degree of risk and should be considered speculative by purchasers. There is little probability of dividends being paid on the Shares comprising the Units.

## RESALE OF SHARES

The continued operation of the Company will be dependent upon its ability to generate operating revenues and to procure additional financing. There can be no assurance that any such revenues can be generated or that other financing can be obtained. If the Company is unable to generate such revenues or obtain such additional financing, any investment in the Company may be lost. In such event, the probability of resale of the shares purchased would be diminished.

## LIQUIDITY CONCERNS AND FUTURE FINANCING REQUIREMENTS

After completion of the Offering, the Company may require additional financing in order to fund its ongoing exploration program on the Material Properties. The ability of the Company to arrange such financing in the future will depend in part upon prevailing capital market conditions, as well as the business success of the Company. There can be no assurance that the Company will be successful in its efforts to arrange additional financing on terms satisfactory to the Company. If additional financing is raised by the issuance of common shares from treasury, control of the Company may change and shareholders may suffer additional dilution. The further exploration and development of the Material Properties and any other mineral properties in which the Company may hold an interest will also require additional equity or debt financing. Failure to obtain additional financing could result in delay or indefinite postponement of further exploration and development or forfeiture of some rights in the Company's mineral properties. Events in the equity market may impact the Company's ability to raise additional capital in the future.

If available, future equity financing may result in substantial dilution to purchasers under the Offering. At present, it is impossible to determine what amounts of additional funds, if any, may be required.

## PROPERTY INTERESTS

The Company maintains access and exploration rights to the Material Properties through the acquisition and maintenance of prospecting licenses from the EMD. Prospecting licenses are issued for a six-year period and the holder is committed to progressively increasing minimum exploration work programs and expenditures for each of the three two-year terms of the six-year period. These minimum expenditures relating to the PLs were set out previously in the Silvermines property description under Location and Means of Access. There are also

consideration fees to be paid for each property at each bi-annual reporting date increasing from €190 to a maximum of €1,500 for each PL. Should the Company fail to comply with these expenditure requirements access to the property could be removed and the Company will incur an impairment on the value of the property at that time. There is no guarantee the Company will be able to raise sufficient funding in the future to explore and develop the Material Properties so as to maintain its interests therein. If the Company loses or abandons its interest in any of the Material Properties, there is no assurance that it will be able to acquire another mineral property of merit or that such an acquisition would be approved by the Exchange. There is also no guarantee that the Exchange will approve the acquisition of any additional properties by the Company, whether by way of option or otherwise, should the Company wish to acquire any additional properties.

Although substantial benefits may be derived from the discovery of a major mineralized deposit, no assurance can be given that minerals will be discovered in sufficient quantities to justify commercial operations or that the funds required for development can be obtained on a timely basis. The discovery of mineral deposits is dependent upon a number of factors. The commercial viability of a mineral deposit once discovered is also dependent upon a number of factors, some of which relate to particular attributes of the deposit, such as size, grade and proximity to infrastructure, and some of which are more general factors such as metal prices and government regulations, including environmental protection. Most of these factors are beyond the control of the Company. In addition, because of these risks, there is no certainty that the expenditures to be made by the Company on the exploration of the Material Properties as described herein will result in the discovery of commercial quantities of ore.

The Company has no history of operating earnings and the likelihood of success must be considered in light of problems, expenses, etc. which may be encountered in establishing a business.

#### FINANCING RISKS

The Company has no history of earnings and, due to the nature of its business, there can be no assurance that the Company will be profitable. The Company has paid no dividends on its shares since incorporation and does not anticipate doing so in the foreseeable future. The only present source of funds available to the Company is through the sale of its equity shares. Even if the results of exploration are encouraging, the Company may not have sufficient funds to conduct the further exploration that may be necessary to determine whether or not a commercially minable deposit exists on the Material Properties. While the Company may generate additional working capital through further equity offerings or through the sale or possible syndication of its one or more of its properties, there is no assurance that any such funds will be available. If available, future equity financing may result in substantial dilution to purchasers under the Offering. At present it is impossible to determine what amounts of additional funds, if any, may be required.

#### NEGATIVE OPERATING CASH FLOW

The Company has negative operating cash flow. The failure of the Company to achieve profitability and positive operating cash flows could have a material adverse effect on the Company's financial condition and results of operations. To the extent that the Company has negative cash flow in future periods, the Company may need to deploy a portion of its cash reserves to fund such negative cash flow. The Company expects to continue to sustain operating losses in the future until it generates revenue from the commercial production of its properties. There is no guarantee that the Company will ever be profitable.

#### EXPLORATION AND DEVELOPMENT

Resource exploration and development is a speculative business, characterized by a number of significant risks including, among other things, unprofitable efforts resulting not only from the failure to discover mineral deposits but also from finding mineral deposits that, though present, are insufficient in quantity and quality to return a profit from production. The marketability of minerals acquired or discovered by the Company may be affected by numerous factors which are beyond the control of the Company and which cannot be accurately predicted, such as market fluctuations, the proximity and capacity of milling facilities, mineral markets and processing equipment, and such other factors as government regulations, including regulations relating to royalties, allowable production, importing and exporting of minerals, and environmental protection, the combination of which factors may result in the Company not receiving an adequate return of investment capital.

There is no assurance that the Company's mineral exploration and development activities will result in any discoveries of commercial bodies of ore. The long-term profitability of the Company's operations will in part be directly related to the costs and success of its exploration programs, which may be affected by a number of factors. Substantial expenditures are required to establish reserves through drilling and to develop the mining and processing facilities and infrastructure at any site chosen for mining. Although substantial benefits may be derived from the discovery of a major mineralized deposit, no assurance can be given that minerals will be discovered in sufficient quantities to justify commercial operations or that funds required for development can be obtained on a timely basis.

#### ACQUISITION OF ADDITIONAL MINERAL PROPERTIES

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

#### UNINSURABLE RISKS

In the course of exploration, development and production of mineral properties, certain risks, and in particular, unexpected or unusual geological operating conditions including rock bursts, cave-ins, fires, flooding and earthquakes may occur. It is not always possible to fully insure against such risks and the Company may decide not to take out insurance against such risks as a result of high premiums or other reasons. Should such liabilities arise, they could reduce or eliminate any future profitability and result in increasing costs and a decline in the value of the securities of the Company.

#### PERMITS AND GOVERNMENT REGULATIONS

The future operations of the Company may require permits from various federal, provincial and local governmental authorities and will be governed by laws and regulations governing prospecting, development, mining, production, export, taxes, labour standards, occupational health, waste disposal, land use, environmental protections, mine safety and other matters. Although Ireland has a favorable legal and fiscal regime for exploration and mining, including a relatively simple system for the acquisition of mineral titles and relatively low tax burden, possible future government legislation, policies and controls relating to prospecting, development, production, environmental protection, mining taxes and labour standards could cause additional expense, capital expenditures, restrictions and delays in the activities of the Company, the extent of which cannot be predicted. Before production can commence on any properties, the Company must obtain regulatory and environmental approvals. There is no assurance that such approvals can be obtained on a timely basis or at all. The cost of compliance, with changes in governmental regulations, has the potential to reduce the profitability of operations. The Company is currently in compliance with all material regulations applicable to its exploration activities.

#### ENVIRONMENTAL AND SAFETY REGULATIONS AND RISKS

Environmental laws and regulations may affect the operations of the Company. These laws and regulations set various standards regulating certain aspects of health and environmental quality. They provide for penalties and other liabilities for the violation of such standards and establish, in certain circumstances, obligations to rehabilitate current and former facilities and locations where operations are or were conducted. The permission to operate can be withdrawn temporarily where there is evidence of serious breaches of health and safety standards, or even permanently in the case of extreme breaches. Significant liabilities could be imposed on the Company for damages, clean-up costs or penalties in the event of certain discharges into the environment, environmental damage caused by previous owners of acquired properties or noncompliance with environmental laws or regulations. In all major developments, the Company generally relies on recognized designers and development contractors from which the Company will, in the first instance, seek indemnities. The Company intends to minimize risks by taking steps to ensure compliance with environmental, health and safety laws and regulations and operating to applicable environmental standards. There is a risk that environmental laws and regulations may become more onerous, making the Company's operations more expensive.

Some of the Company's properties are located in an area known for its strong environmental activism and the Company may encounter strong opposition for any of its exploration and development plans which could result in significant delays to the Company's plans, or result in increased costs to the Company.

#### MINERAL TITLES

The Material Properties may be subject to prior unregistered agreements, transfers or claims and title may be affected by undetected defects. Although the Company has received title opinions for the Material Properties there is no guarantee that title to such properties will not be challenged or impugned. The Company's claims may be subject to prior unregistered agreements or transfers and title may be affected by unidentified or unknown defects. The Company has conducted as thorough an investigation as possible on the title of properties that it has acquired to confirm that there are no other claims or agreements that could affect its title to the concessions or claims. If title to the Company's properties is disputed it may result in the Company paying substantial costs to settle the dispute or clear title and could result in the loss of the property, which events may affect the economic viability of the Company.

#### FLUCTUATING MINERAL PRICES AND CURRENCY RISK

The ability of the Company to raise funds to continue exploration of the mineral properties in which it has an interest will be significantly affected by changes in the market price for zinc. Prices for base metals fluctuate on a daily basis, have historically been subject to wide fluctuations and are affected by numerous factors beyond the control of the Company such as demand growth from China and the rest of the world, world mine supply dynamics, currency fluctuations, interest rate changes, capital availability, speculative activities, and political developments. The effect of these factors cannot be accurately predicted, but the combination of these factors may result in the Company not being able to continue its planned exploration programs. Declining market prices for these metals could materially adversely affect the Company's operations and financial condition. Factors beyond the control of the Company may affect the marketability of metals discovered, if any. In addition, currency fluctuations may affect the cash flow which the Company may realize from its operations, since most mineral commodities are sold in a world market in US dollars while the majority of the costs incurred by the Company are valued in the Euro.

#### COMPETITION FOR RESOURCES

The mining industry is intensely competitive in all its phases. The Company competes for the acquisition of mineral properties, claims, leases and other mineral interests as well as for the recruitment and retention of qualified employees with many companies, some possessing greater financial resources and technical facilities than the Company. The competition in the mineral exploration and development business could have an adverse effect on the Company's ability to acquire suitable properties or prospects for mineral exploration in the future. In addition, the Company's ability to consummate and integrate effectively any future acquisitions on terms that are favourable may be limited by the number of attractive acquisition targets, internal demands on resources, competition from other mining companies and, to the extent necessary, the Company's ability to obtain financing on satisfactory terms, if at all.

#### DEPENDENCE ON MANAGEMENT

The success of the Company is currently largely dependent on the performance of its directors and officers. The loss of the services of any of these persons could have a materially adverse effect on the Company's business and prospects. There is no assurance the Company can maintain the services of its directors, officers or other qualified personnel required to operate its business. As the Company's business activity grows, the Company will require additional key financial, administrative and mining personnel as well as additional operations staff. There can be no assurance that these efforts will be successful in attracting, training and retaining qualified personnel as competition for persons with these skill sets increase. If the Company is not successful in attracting, training and retaining qualified personnel, the efficiency of its operations could be impaired, which could have an adverse impact on the Company's operations and financial condition.



## TAX ISSUES

Income tax consequences in relation to the Shares will vary according to the circumstances by each purchaser. Prospective purchasers should seek independent advice from their own tax and legal advisors prior to subscribing for Shares.

## DILUTION

The Offering Price of the Shares comprising the Units issuable under this Offering significantly exceeds the net tangible book value per Common Share, and accordingly, investors will suffer immediate and substantial dilution of their investment in the amount of 61.5% or \$0.246 per Share before considering costs associated with the Offering.

Subsequent issuances of securities including, but not limited to, common shares, options and some forms of convertible debentures, will result in a substantial dilution of the equity interests of existing shareholders.

## PRICE VOLATILITY OF PUBLICLY TRADED SECURITIES

In recent years, the securities markets in the United States and Canada have experienced a high level of price and volume volatility, and the market prices of securities of many companies have experienced wide fluctuations in price which have not necessarily been related to the operating performance, underlying asset values or prospects of such companies. There can be no assurance that continual fluctuations in price will not occur. It may be anticipated that any quoted market for the common shares will be subject to market trends generally, notwithstanding any potential success of the Company in creating revenues, cash flows or earnings. The value of the Shares distributed hereunder will be affected by such volatility. There is no public market for the Shares. An active public market for the Shares might not develop or be sustained after the Offering. The Offering Price of the Units has been determined by negotiations between the Company and representatives of the Agents and this price will not necessarily reflect the prevailing market price of the Shares following the Offering. If an active public market for the Shares does not develop, the liquidity of a shareholder's investment may be limited and the share price may decline below the Offering Price.

## CONFLICTS OF INTEREST

Some of the directors and officers are engaged and will continue to be engaged in the search for additional business opportunities on behalf of other corporations, and situations may arise where these directors and officers will be in direct competition with the Company. Conflicts, if any, will be dealt with in accordance with the relevant provisions of the *Business Corporations Act* (British Columbia). Some of the directors and officers of the Company are or may become directors or officers of other companies engaged in other business ventures. In order to avoid the possible conflict of interest which may arise between the directors' duties to the Company and their duties to the other companies on whose boards they serve, the directors and officers of the Company have agreed to the following:

1. participation in other business ventures offered to the directors will be allocated between the various companies and on the basis of prudent business judgment and the relative financial abilities and needs of the companies to participate;
2. no commissions or other extraordinary consideration will be paid to such directors and officers; and
3. business opportunities formulated by or through other companies in which the directors and officers are involved will not be offered to the Company except on the same or better terms than the basis on which they are offered to third party participants.

## STRESS IN THE GLOBAL ECONOMY

Reduction in credit, combined with reduced economic activity and the fluctuations in the United States dollar, may adversely affect businesses and industries that purchase commodities, affecting commodity prices in more significant and unpredictable ways than the normal risks associated with commodity prices. The availability of services such as drilling contractors and geological service companies and/or the terms on which these services are provided may be adversely affected by the economic impact on the service providers. The adverse effects on the

capital markets generally make the raising of capital by equity or debt financing much more difficult and the Company is dependent upon the capital markets to raise financing. Any of these events, or any other events caused by turmoil in world financial markets, may have a material adverse effect on the Company's business, operating results, and financial condition.

#### CURRENT GLOBAL FINANCIAL CONDITION

Current global financial conditions have been subject to increased volatility. Access to financing has been negatively impacted by both sub-prime mortgages in the United States and elsewhere and the liquidity crisis affecting the asset-backed commercial paper market. As such, the Company is subject to counterparty risk and liquidity risk. The Company is exposed to various counterparty risks including, but not limited to: (i) through financial institutions that hold the Company's cash; (ii) through companies that have payables to the Company; and (iii) through the Company's insurance providers. The Company is also exposed to liquidity risks in meeting its operating expenditure requirements in instances where cash positions are unable to be maintained or appropriate financing is unavailable. These factors may impact the ability of the Company to obtain loans and other credit facilities in the future and, if obtained, on terms favourable to the Company. If these increased levels of volatility and market turmoil continue, the Company's operations could be adversely impacted and the trading price of the Shares could be adversely affected.

#### PROMOTERS

Bart Jaworski, David Furlong and John Barry are the promoters of the Company. Together they have ownership and control of 8,500,001 common shares, being 19% of the issued and outstanding common shares prior to the completion of the Offering.

The following table sets forth the ownership of each Promoter:

| <b>Name of Promoter</b> | <b>Number of common shares beneficially owned directly or indirectly</b> | <b>Percentage of common shares held</b> | <b>Percentage of common shares held after giving effect to the Minimum Offering<sup>(1)</sup></b> | <b>Percentage of common shares held after giving effect to the Maximum Offering<sup>(2)</sup></b> |
|-------------------------|--------------------------------------------------------------------------|-----------------------------------------|---------------------------------------------------------------------------------------------------|---------------------------------------------------------------------------------------------------|
| Bart Jaworski           | 3,300,001                                                                | 7.4%                                    | 5.5%                                                                                              | 4.5%                                                                                              |
| John Barry              | 2,700,000                                                                | 6.0%                                    | 4.5%                                                                                              | 3.7%                                                                                              |
| David Furlong           | 2,500,000                                                                | 5.6%                                    | 4.1%                                                                                              | 3.4%                                                                                              |

Notes:

- (1) Assumes 60,494,177 common shares outstanding on completion of the Minimum Offering including the Shares and the 3,300,000 common shares issuable pursuant to the exercise of options at Closing. None of the Promoters hold any options.
- (2) Assumes 72,994,177 common shares outstanding on completion of the Maximum Offering including the Shares and the 3,300,000 common shares issuable pursuant to the exercise of options at Closing. None of the Promoters hold any options.

#### LEGAL PROCEEDINGS AND REGULATORY MATTERS

The Company is not a party to any legal proceedings or regulatory actions and is not aware of any such proceedings known to be contemplated.

#### INTEREST OF MANAGEMENT AND OTHERS IN MATERIAL TRANSACTIONS

No person who is:

- (a) A director or executive officer of the Company;
- (b) A person or company that beneficially owns, or controls or directs, directly or indirectly, more than 10 percent of any class or series of the Company's outstanding voting securities;
- (c) An associate or affiliate of any of the persons or companies referred to in paragraphs (a) or (b)

has any material interest, direct or indirect, in any material transaction since incorporation or in any proposed transaction that has materially affected or will materially affect the Company.

### **RELATIONSHIP BETWEEN THE COMPANY AND AGENTS**

The Company is not a “related issuer” or connected issuer to the Agents as such terms are utilized in National Instrument 33-105 of the Canadian Securities Administrators.

### **AUDITORS, TRANSFER AGENT AND REGISTRAR**

The auditors of the Company are Davidson and Company LLP, Chartered Professional Accountants of 1200 – 609 Granville Street, Vancouver, British Columbia V7Y 1G6. Davidson and Company LLP have advised the Company that they are independent of the Company within the meaning of the Rules of Professional Conduct of the Institute of Chartered Professional Accountants of British Columbia. Davidson and Company LLP have served as auditors since January 2017.

The Company intends to appoint, prior to Closing, TSX Trust Company, located at Suite 2700 – 650 West Georgia Street, Vancouver, British Columbia, V6B 4N9, as the registrar and transfer agent of the Company.

### **MATERIAL CONTRACTS**

Except for contracts made in the ordinary course of business, the following are the only material contracts entered into by the Company since its incorporation, which are currently in effect and considered to be currently material:

1. Agency Agreement among the Company and PI Financial Corp., Cormark Securities Inc. and Sprott Private Wealth LP dated December 4, 2017 referred to under “Plan of Distribution”.
2. Escrow Agreement referred to under “Escrowed Securities” to be made following the publication of this Prospectus.
3. Registrar and Transfer Agent Agreement between the Company and TSX Trust Company which the Company intends to enter into following the publication of this Prospectus and prior to the Closing Date.
4. The Warrant Indenture creating and governing the Warrants comprising the Units between the Company and TSX Trust Company dated December 4, 2017.

A copy of any material contract may be inspected during distribution of the Units being offered under this Prospectus and for a period of 30 days thereafter during normal business hours at the Company’s registered office at Suite 2200, 885 West Georgia Street, Vancouver, British Columbia V6C 3E8.

### **EXPERTS**

Davidson and Company LLP, Chartered Professional Accountants, have audited the Company’s annual financial statements. EuroGeol Dr. John G. Kelly, PGeo, MIMMM and EuroGeol Paul Gordon, PGeo, MSc are the authors of the Reports. Other than as set forth below under “Legal Matters”, no person or company whose profession or business gives authority to a report, valuation, statement or opinion and whom is named as having prepared or certified a report or valuation described or included in this Prospectus holds or is to hold any beneficial or registered interest, direct or indirect, in any securities or property of the Company or any associate of the Company.

### **LEGAL MATTERS**

Certain legal matters relating to the Offering will be passed upon on behalf of the Company by Cassels Brock & Blackwell LLP and on behalf of the Agents by Blake, Cassels & Graydon LLP. As at the date hereof, the partners and associates of each of Cassels Brock & Blackwell LLP and Blake, Cassels & Graydon LLP own beneficially, directly or indirectly, less than one percent of any securities of the Company.

**OTHER MATERIAL FACTS**

There are no further facts or particulars in respect of the securities being distributed pursuant to this Prospectus that are not already disclosed herein that are necessary to be disclosed for this Prospectus to contain full, true and plain disclosure of all material facts relating to such securities.

**PURCHASERS' STATUTORY RIGHT OF WITHDRAWAL AND RESCISSION**

Securities legislation in the Provinces of British Columbia, Alberta, and Ontario provides purchasers with the right to withdraw from an agreement to purchase securities. This right may be exercised within two business days after receipt or deemed receipt of a prospectus and any amendment. The securities legislation further provides a purchaser with remedies for rescission or damages if the prospectus and any amendment contains a misrepresentation or is not delivered to the purchaser, provided that the remedies for rescission or damages are exercised by the purchaser within the time limit prescribed by the securities legislation of the purchaser's province. The purchaser should refer to any applicable provisions of the securities legislation of the purchaser's province for the particulars of these rights or consult with a legal adviser.

**LIST OF EXEMPTIONS**

The Company has not applied for or received any exemption from National Instrument 41-101, "General Prospectus Requirements", regarding this Prospectus or the distribution of its securities under this Prospectus.

## **FINANCIAL STATEMENTS**

Attached to and forming part of this Prospectus are the audited financial statements of the Company for the year ended December 31, 2016 and for the comparative period ended December 31, 2015, together with the Auditor's Report thereon along with the unaudited interim financial statements for the three and nine month period ended September 30, 2017 and for the comparative period ended September 30, 2016. The Company's year-end is December 31.

**Group Eleven Resources Corp.**

Consolidated Financial Statements December 31, 2016

Expressed in Canadian Dollars

## INDEPENDENT AUDITORS' REPORT

To the Shareholders of  
Group Eleven Resources Corp.

We have audited the accompanying consolidated financial statements of Group Eleven Resources Corp., which comprise the consolidated statements of financial position as at December 31, 2016 and 2015, and the consolidated statements of loss and comprehensive loss, changes in shareholders' equity, and cash flows for the years then ended, and a summary of significant accounting policies and other explanatory information.

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

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the consolidated 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 consolidated 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 consolidated 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, these consolidated financial statements present fairly, in all material respects, the financial position of Group Eleven Resources Corp. as at December 31, 2016 and 2015 and its financial performance and its cash flows for the years then ended in accordance with International Financial Reporting Standards.

**“DAVIDSON & COMPANY LLP”**

Vancouver, Canada

Chartered Professional Accountants

December 4, 2017



**GROUP ELEVEN RESOURCES CORP.****CONSOLIDATED STATEMENTS OF FINANCIAL POSITION**

(Expressed in Canadian Dollars, unless otherwise stated)

As at December 31

|                                                   | 2016                | 2015              |
|---------------------------------------------------|---------------------|-------------------|
| <b>Assets</b>                                     |                     |                   |
| <b>Current Assets</b>                             |                     |                   |
| Cash and cash equivalents                         | \$ 1,702,726        | \$ 98,872         |
| Prepaid expenses                                  | 2,827               | 515               |
| Other receivables (Note 4)                        | 12,771              | –                 |
| <b>Total Current Assets</b>                       | <b>1,718,324</b>    | <b>99,387</b>     |
| <b>Non-Current Assets</b>                         |                     |                   |
| Equipment (Note 5)                                | 12,874              | 5,681             |
| Exploration and evaluation assets (Note 6)        | 200,106             | 14,521            |
| <b>Total Assets</b>                               | <b>\$ 1,931,304</b> | <b>\$ 119,589</b> |
| <b>Liabilities and Shareholders' Equity</b>       |                     |                   |
| <b>Current Liabilities</b>                        |                     |                   |
| Accounts payable and accrued liabilities (Note 7) | \$ 203,271          | \$ 19,584         |
| <b>Total Liabilities</b>                          | <b>203,271</b>      | <b>19,584</b>     |
| <b>Shareholders' Equity</b>                       |                     |                   |
| Share capital (Note 8)                            | 2,084,011           | 88,972            |
| Reserves (Note 8)                                 | 297,090             | 21,647            |
| Share subscriptions received                      | –                   | 53,179            |
| Deficit                                           | (653,068)           | (63,793)          |
| <b>Total Shareholders' Equity</b>                 | <b>1,728,033</b>    | <b>100,005</b>    |
| <b>Total Liabilities and Shareholders' Equity</b> | <b>\$ 1,931,304</b> | <b>\$ 119,589</b> |

Nature and continuance of operations (Note 1)

Commitments (Note 13)

Subsequent events (Note 14)

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



**GROUP ELEVEN RESOURCES CORP.****CONSOLIDATED STATEMENTS OF LOSS AND COMPREHENSIVE LOSS**

(Expressed in Canadian Dollars, unless otherwise stated)

For the years ended December 31

|                                                      | 2016         | 2015        |
|------------------------------------------------------|--------------|-------------|
| Operating expenses                                   |              |             |
| Management fees (Note 10)                            | \$ 77,191    | \$ 3,647    |
| Salaries and benefits (Note 10)                      | 62,795       | —           |
| Professional fees (Note 10)                          | 133,464      | 33,420      |
| General and administrative                           | 32,174       | 3,646       |
| Marketing and investor relations                     | 2,388        | —           |
| Depreciation (Note 5)                                | 1,894        | —           |
| Share-based payments (Note 8)                        | 275,443      | 21,647      |
| Total operating expenses                             | (585,349)    | (62,360)    |
| Foreign exchange loss                                | (3,926)      | (1,433)     |
| Loss and comprehensive loss for the year             | \$ (589,275) | \$ (63,793) |
| Basic and diluted loss per common share              | (\$0.04)     | (\$0.02)    |
| Weighted average number of common shares outstanding | 15,447,895   | 3,524,658   |

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

**GROUP ELEVEN RESOURCES CORP.****CONSOLIDATED STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY**

For the years ended December 31, 2016 and 2015

(Expressed in Canadian Dollars, unless otherwise stated)

|                                     | Share Capital     |                     | Reserves          | Subscriptions |                     | Total               |
|-------------------------------------|-------------------|---------------------|-------------------|---------------|---------------------|---------------------|
|                                     | Shares            | Amount              |                   | Received      | Deficit             |                     |
| Balance, December 31, 2014          | 100,000           | \$ 140              | \$ –              | \$ –          | \$ –                | \$ 140              |
| Shares issued for private placement | 9,650,000         | 88,832              | –                 | –             | –                   | 88,832              |
| Share-based payments                | –                 | –                   | 21,647            | –             | –                   | 21,647              |
| Share subscriptions received        | –                 | –                   | –                 | 53,179        | –                   | 53,179              |
| Loss for the year                   | –                 | –                   | –                 | –             | (63,793)            | (63,793)            |
| <b>Balance, December 31, 2015</b>   | <b>9,750,000</b>  | <b>88,972</b>       | <b>21,647</b>     | <b>53,179</b> | <b>(63,793)</b>     | <b>100,005</b>      |
| Shares issued for private placement | 14,262,754        | 1,995,039           | –                 | (53,179)      | –                   | 1,941,860           |
| Incorporation share - GERC          | 1                 | –                   | –                 | –             | –                   | –                   |
| Share-based payments                | –                 | –                   | 275,443           | –             | –                   | 275,443             |
| Loss for the year                   | –                 | –                   | –                 | –             | (589,275)           | (589,275)           |
| <b>Balance, December 31, 2016</b>   | <b>24,012,755</b> | <b>\$ 2,084,011</b> | <b>\$ 297,090</b> | <b>\$ –</b>   | <b>\$ (653,068)</b> | <b>\$ 1,728,033</b> |

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

**GROUP ELEVEN RESOURCES CORP.**  
**CONSOLIDATED STATEMENTS OF CASH FLOWS**  
(Expressed in Canadian Dollars, unless otherwise stated)  
For the years ended December 31

|                                                                               | 2016         | 2015        |
|-------------------------------------------------------------------------------|--------------|-------------|
| <b>CASH FLOWS FROM OPERATING ACTIVITIES</b>                                   |              |             |
| Loss for the year                                                             | \$ (589,275) | \$ (63,793) |
| Items not affecting cash:                                                     |              |             |
| Depreciation                                                                  | 1,894        | —           |
| Share-based payments                                                          | 275,443      | 21,647      |
| Changes in non-cash working capital items:                                    |              |             |
| Prepaid expenses                                                              | (2,312)      | (515)       |
| Other receivables                                                             | (12,771)     | 140         |
| Accounts payable and accrued liabilities                                      | 131,644      | 19,584      |
| Net cash used in operating activities                                         | (195,377)    | (22,937)    |
| <b>CASH FLOWS FROM INVESTING ACTIVITIES</b>                                   |              |             |
| Expenditures on exploration and evaluation assets                             | (133,542)    | (14,521)    |
| Purchase of equipment                                                         | (9,087)      | (5,681)     |
| Net cash used in investing activities                                         | (142,629)    | (20,202)    |
| <b>CASH FLOWS FROM FINANCING ACTIVITIES</b>                                   |              |             |
| Proceeds from share issuances                                                 | 1,941,860    | 88,832      |
| Share subscriptions received                                                  | —            | 53,179      |
| Net cash provided by financing activities                                     | 1,941,860    | 142,011     |
| Change in cash and cash equivalents                                           | 1,603,854    | 98,872      |
| Cash and cash equivalents, beginning of the year                              | 98,872       | —           |
| Cash and cash equivalents, end of the year                                    | 1,702,726    | 98,872      |
| <b>Supplemental Cash Flow Information:</b>                                    |              |             |
| Exploration expenditures included in accounts payable and accrued liabilities | \$ 52,043    | \$ —        |

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

**GROUP ELEVEN RESOURCES CORP.**

Notes to the Consolidated Financial Statements  
(Expressed in Canadian Dollars, unless otherwise stated)  
As at December 31, 2016

**1. NATURE AND CONTINUANCE OF OPERATIONS**

Group Eleven Resources Corp. (the “Company” or “GERC”) was incorporated under the laws of the Province of British Columbia, Canada on November 25, 2016, and its principal business activity is the exploration and evaluation of mineral properties. The Company’s corporate office is located at 2200 – 885 West Georgia, Vancouver, British Columbia.

These consolidated financial statements are prepared on a going concern basis which assumes that the Company will be able to realize its assets and discharge its liabilities in the normal course of business for the foreseeable future. The continuing operations of the Company are dependent upon obtaining necessary financing to meet the Company’s commitments as they come due and to fund future exploration and development of economically recoverable reserves or potential business acquisitions, securing and maintaining title and beneficial interest in the properties and attaining future profitable production. At December 31, 2016, the Company had cash and cash equivalents of \$1,702,726 and working capital of \$1,515,053. Management believes that the Company has sufficient financial resources to maintain its operations and activities for the upcoming fiscal year.

On November 6, 2015, Group Eleven Mining and Exploration Inc. (“GEME”) and its shareholders agreed to exchange their 7,500,000 shares of GEME for 7,449,997 shares of Group Eleven Resources Ltd. (“GERL”). Each of the shareholders of GEME were also the sole shareholders of GERL in the same relative proportions and therefore no effective change of control of the entities occurred. On December 23, 2016, GERL and its shareholders entered into a share exchange agreement with GERC whereby the shareholders of GERL exchanged there 24,012,754 shares of GERL for 24,012,754 shares of GERC. The shareholders of GEME became the sole shareholders of GERL and therefore no effective change of control of the entities occurred. These transactions involve entities under common control and are accounted for under the predecessor value method whereby the acquired assets and liabilities are recorded at their carrying values and the comparative periods reflect the combinations as if they had taken place at the beginning of the earliest comparative period presented.

**2. SIGNIFICANT ACCOUNTING POLICIES***(a) Basis of Presentation*

The consolidated financial statements have been prepared in accordance with International Financial Reporting Standards (“IFRS”) as issued by the International Accounting Standards Board (“IASB”) and interpretations issued by the International Financial Reporting Interpretations Committee (“IFRIC”). These consolidated financial statements have been prepared on a historical cost basis, except for financial instruments classified at fair value through profit or loss, which are stated at fair value. In addition, these consolidated financial statements have been prepared using the accrual basis of accounting, except for cash flow information. On October 6, 2017, the Board of Directors of the Company approved these consolidated financial statements for the years ended December 31, 2016 and 2015.

*(b) Basis of Consolidation*

These consolidated financial statements include the accounts of the Company and its wholly-owned subsidiaries, GERL and GEME, both incorporated in Dublin, Ireland. All inter-company transactions and accounts have been eliminated upon consolidation.

*(c) Foreign Currencies*

These consolidated financial statements are presented in Canadian dollars. The functional currency of the Company and its subsidiaries is also the Canadian dollar.

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the date of the transaction. Foreign currency monetary items are translated at the period-end exchange rate. Non-monetary items measured at historical cost continue to be carried at the exchange rate at the date of the transaction. Exchange differences arising on the translation of monetary items or on settlement of monetary items are recognized in profit or loss in the period in which they arise.

*(d) Cash and cash equivalents*

Cash and cash equivalents comprise cash on hand, demand deposits and highly liquid short-term investments readily available to known amounts of cash and which are subject to an insignificant risk of changes in value. For the periods presented, the Company only holds cash.

*(e) Financial Instruments*

Financial assets and liabilities are recognized when the Company becomes a party to the contractual provisions of the instrument. Financial assets are derecognized when the rights to receive cash flows from the assets have expired or have been transferred and the Company has transferred substantially all risks and rewards of ownership.

Financial assets and liabilities are offset when there is a legally enforceable right to offset and there is an intention to settle on a net basis, or realize the asset and settle the liability simultaneously.

At initial recognition, the Company classifies its financial instruments in the following categories depending on the purpose for which the instruments were acquired:

- Financial assets and liabilities at fair value through profit or loss: This category comprises financial assets or liabilities acquired principally for the purpose of selling or repurchasing in the near term. They are carried at fair value with changes in fair value recognized in profit or loss. Derivatives are also included in this category unless they are designated as hedges.
- Loans and receivables: These assets are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are carried at amortized cost using the effective interest method less any provision for impairment.
- Held-to-maturity investments: These assets are non-derivative financial assets with fixed or determinable payments and fixed maturities that the Company's management has the positive intention and ability to hold to maturity. These assets are measured at amortized cost using the effective interest method less any provision for impairment. If there is objective evidence that the asset is impaired, determined by reference to external credit ratings and other relevant indicators, the financial asset is measured at the present value of estimated future cash flows. Any changes to the carrying amount of the investment, including impairment losses, are recognized in profit or loss.
- Available-for-Sale Financial Assets ("AFS"): Non-derivative financial assets not included in the above categories are classified as available-for-sale. They are carried at fair value with changes in fair value recognized in other comprehensive income (loss). Where a decline in the fair value of an available-for-sale financial asset constitutes objective evidence of impairment, the amount of the loss is removed from accumulated other comprehensive income (loss) and recognized in profit or loss.
- Other financial liabilities: This category consists of liabilities carried at amortized cost using the effective interest method. The Company classified its accounts payable and accrued liabilities as other financial liabilities.

The Company classified cash and cash equivalents at fair value through profit or loss, other receivables as loans and receivables and accounts payable and accrued liabilities as other financial liabilities.

*(f) Equipment*

Equipment is carried at cost, less accumulated depreciation and accumulated impairment losses.

Cost consists of the purchase price, any costs directly attributable to bringing the asset to the location and condition necessary for its intended use and an initial estimate of the costs of dismantling and removing the item and restoring the site on which it is located. Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Company and the cost can be measured reliably. Repairs and maintenance costs are charged to profit or loss during the period in which they are incurred.

The major categories of equipment noted below are depreciated over their estimated useful life using the following annual rates and methods:

- Computer software and hardware – 3 years straight line

Depreciation expense of assets used in exploration are capitalized to deferred exploration expenditures. Management reviews the estimated useful lives, residual values and depreciation methods at the end of each financial year and when events and circumstances indicate that such a review should be made. Changes to estimated useful lives, residual values or depreciation methods resulting from such review are accounted for prospectively.

*(g) Exploration and Evaluation Assets*

Pre-acquisition costs are expensed in the period in which they are incurred. Once the legal right to explore a property has been acquired, costs directly related to exploration and evaluation assets are recognized and capitalized, in addition to the acquisition costs. These direct expenditures include such costs as materials used, surveying costs, drilling costs, payments made to contractors and depreciation on plant and equipment during the exploration phase. Costs not directly attributable to exploration and evaluation activities, including general administrative overhead costs, are expensed in the period in which they occur.

Exploration and evaluation assets are classified as intangible assets and remain unamortized until such time as the property is put into production or the property is disposed of, either through sale or abandonment or becomes impaired. If a property is put into production the costs are expensed on a units of production basis over the life of the property based on estimated proven and probable reserves. Proceeds received from the sale of any interest in a property will be credited against the carrying value of the property with any excess recognized in profit or loss. If a property is abandoned, the acquisition costs will be written off to profit or loss.

*(h) Impairment of tangible and intangible assets*

At the end of each reporting period the carrying amounts of the Company's assets are reviewed to determine whether there is any indication that those assets are impaired. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment, if any. Where it is not possible to estimate the recoverable amount of an individual asset, the Company estimates the recoverable amount of the cash-generating unit to which the asset belongs. The recoverable amount is the higher of fair value less costs to sell and value in use. Fair value is determined as the amount that would be obtained from the sale of the asset in

an arm's length transaction between knowledgeable and willing parties. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. If the recoverable amount of an asset is estimated to be less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount and the impairment loss is recognized in profit or loss for the period. For an asset that does not generate largely independent cash inflows, the recoverable amount is determined for the cash generating unit to which the asset belongs. Where an impairment loss subsequently reverses, the carrying amount of the asset (or cash-generating unit) is increased to the revised estimate of its recoverable amount, but to an amount that does not exceed the carrying amount that would have been determined had no impairment loss been recognized for the asset (or cash-generating unit) in prior years. A reversal of an impairment loss is recognized immediately in profit or loss.

(i) *Share Capital*

Financial instruments issued by the Company are classified as equity only to the extent that they do not meet the definition of a financial liability or financial asset. The Company's common shares and options are classified as equity instruments. Incremental costs directly attributable to the issue of new shares are shown in equity as a deduction from the proceeds.

(j) *Share-based Payment Transactions*

The cost of stock options and other equity-settled share-based payment arrangements are recorded based on the estimated fair value at the grant date and charged to earnings over the vesting period. The Company uses the fair value method for accounting for stock-based awards to employees, defined as persons classified as employees for legal or tax purposes (direct employee) or alternatively a person providing services similar to those performed by a direct employee. Under the fair value method, compensation expenses attributed to the direct award of stock options to employees are measured at fair value on the grant date for each tranche using an option pricing model and are usually recognized over the vesting period of the award. Stock options granted to non-employees are measured at the fair value of goods or services rendered or at the fair value of the instruments issued, if it is determined that the fair value of the goods or services received cannot be reliably measured.

All share-based payments are reflected in reserves, until exercised. Upon exercise, shares are issued from treasury and the amount reflected in reserves is credited to share capital, adjusted for any consideration paid.

(k) *Income Taxes*

Income tax comprises current and deferred tax. Income tax is recognized in profit or loss except to the extent that it relates to items recognized directly in equity, in which case the income tax is also recognized directly 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 end of the reporting period, and any adjustment to tax payable in respect of previous years.

In general, deferred tax is recognized in respect of temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the consolidated financial statements. Deferred income tax is determined on a non-discounted basis using tax rates and laws that have been enacted or substantively enacted at the balance sheet date and are expected to apply when the deferred tax asset or liability is settled. Deferred tax assets are recognized to the extent that it is probable that the assets can be recovered.

Deferred income tax is provided on temporary differences arising on investments in subsidiaries and associates, except, in the case of subsidiaries, where the timing of the reversal of the temporary difference is controlled by the Company and it is probable that the temporary difference will not reverse in the foreseeable future. Deferred income tax assets and liabilities are presented as non-current.

(l) *Loss per Share*

Basic earnings (loss) per share is computed by dividing net earnings (loss) available to common shareholders by the weighted average number of shares outstanding during the reporting period.

Diluted earnings (loss) per share is computed similar to basic earnings (loss) per share except that the weighted average shares outstanding are increased to include additional shares for the assumed exercise of stock options and warrants and convertible loan, if dilutive. The number of additional shares is calculated by assuming that outstanding stock options and warrants were exercised and the convertible loans were converted and that the proceeds from such exercises were used to acquire common stock at the average market price during the reporting periods. For the periods presented, the calculations proved to be anti-dilutive.

(m) *Significant Accounting Estimates and Judgments*

The preparation of these consolidated financial statements requires management to make certain estimates, judgments and assumptions that affect the reported amounts of assets and liabilities at the date of the consolidated financial statements and reported amounts of expenses during the reporting period. Actual outcomes could differ from these estimates. These consolidated financial statements include estimates which, by their nature, are uncertain. The impacts of such estimates are pervasive throughout the consolidated financial statements, and may require accounting adjustments based on future occurrences. Revisions to accounting estimates are recognized in the period in which the estimate is revised and future periods if the revision affects both current and future periods. These estimates are based on historical experience, current and future economic conditions and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

*Critical accounting estimates*

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

- i. The carrying value and the recoverability of exploration and evaluation assets, which are included in the statements of financial position. The cost model is utilized and the value of the exploration and evaluation assets is based on the expenditures incurred. At every reporting period, management assesses the potential impairment which involves assessing whether or not facts or circumstances exist that suggest the carrying amount exceeds the recoverable amount.
- ii. The inputs used in calculating the fair value for share-based payment expense included in profit or loss and comprehensive loss and statement of shareholders' equity. The share-based payment expense is estimated using the Black-Scholes options-pricing model as measured on the grant date to estimate the fair value of stock options. This model involves the input of highly subjective assumptions, including the expected price volatility of the Company's common shares, the expected life of the options, and the estimated forfeiture rate.

#### *Critical accounting judgments*

Critical accounting judgments are accounting policies that have been identified as being complex or involving subjective judgments or assessments. The Company's principal critical accounting judgment is the determination of functional currency for the parent entity and each of its subsidiaries. Determination of functional currency involves certain judgments to determine the primary economic environment in which each entity operates. This determination is reassessed if there is a change in events and conditions which were used in the determination of the primary economic environment. The parent and subsidiary entities have a Canadian dollar functional currency.

### **3. NEW ACCOUNTING STANDARDS NOT YET ADOPTED**

The Company has not early adopted any amendment, standard or interpretation that has been issued by the IASB but is not yet effective.

IFRS 9 Financial Instruments ("IFRS 9") was issued by the IASB on July 24, 2014 and will replace IAS 39 Financial Instruments: Recognition and Measurement. IFRS 9 utilizes a single approach to determine whether a financial asset is measured at amortized cost or fair value and a new mixed measurement model for debt instruments having only two categories: amortized cost and fair value. 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. Final amendments released on July 24, 2014 also introduce a new expected loss impairment model and limited changes to the classification and measurement requirements for financial assets. IFRS 9 is effective for annual periods beginning on or after January 1, 2018. The Company is currently evaluating the impact the final standard and amendments on its consolidated financial statements.

IFRS 15, Revenue from Contracts with Customers ("IFRS 15") In May 2014, the IASB and the Financial Accounting Standards Board ("FASB") completed its joint project to clarify the principles for recognizing revenue and to develop a common revenue standard for IFRS and US GAAP. As a result of the joint project, the IASB issued IFRS 15, Revenue from Contracts with Customers, and will replace IAS 18, Revenue, IAS 11, Construction Contracts, and related interpretations on revenue. IFRS 15 establishes principles to address the nature, amount, timing and uncertainty of revenue and cash flows arising from an entity's contracts with customers. The standard is effective for annual periods beginning on or after January 1, 2018. The Company plans to apply IFRS 15 at the date it becomes effective. The Company is in the process of analyzing IFRS 15 and determining the effect on its consolidated financial statements as a result of adopting this standard but at this time no impact is expected.

IFRS 16, Leases ("IFRS 16") In January 2016, the IASB issued IFRS 16 - Leases which replaces IAS 17 - Leases and its associated interpretative guidance. IFRS 16 applies a control model to the identification of leases, distinguishing between a lease and a service contract on the basis of whether the customer controls the asset being leased. For those assets determined to meet the definition of a lease, IFRS 16 introduces significant changes to the accounting by lessees, introducing a single, on-balance sheet accounting model that is similar to current finance lease accounting, with limited exceptions for short-term leases or leases of low value assets. Lessor accounting remains similar to current accounting practice. The standard is effective for annual periods beginning on or after January 1, 2019, with early application permitted for entities that apply IFRS 15. The Company is currently evaluating the impact the final standard is expected to have on its consolidated financial statements.

### **4. OTHER RECEIVABLES**

Other receivables consists of recoverable amounts paid for value added tax charged to the Company on purchases of goods or services.

## 5. EQUIPMENT

| Cost                                | Computer Equipment |       | Computer Software |        | Total     |
|-------------------------------------|--------------------|-------|-------------------|--------|-----------|
| Balance, December 31, 2014          | \$                 | –     | \$                | –      | \$ –      |
| Additions                           |                    | –     |                   | 5,681  | 5,681     |
| Balance, December 31, 2015          |                    | –     |                   | 5,681  | 5,681     |
| Additions                           |                    | 1,578 |                   | 7,509  | 9,087     |
| Balance, December 31, 2016          | \$                 | 1,578 | \$                | 13,190 | \$ 14,768 |
| Accumulated Depreciation            |                    |       |                   |        |           |
| Balance, December 31, 2014 and 2015 | \$                 | –     | \$                | –      | \$ –      |
| Depreciation                        |                    | –     |                   | 1,894  | 1,894     |
| Balance, December 31, 2016          | \$                 | –     | \$                | 1,894  | \$ 1,894  |
| Net Book Value                      |                    |       |                   |        |           |
| Balance, December 31, 2015          | \$                 | –     | \$                | 5,681  | \$ 5,681  |
| Balance, December 31, 2016          | \$                 | 1,578 | \$                | 11,296 | \$ 12,874 |

## 6. EXPLORATION AND EVALUATION ASSETS

All of the Company's exploration and evaluation assets are located in Ireland.

|                                    | Tralee    | Carrickkittle<br>and PG West | Silvermines | Ferbane  | Kilkenny | Total      |
|------------------------------------|-----------|------------------------------|-------------|----------|----------|------------|
| Acquisition                        |           |                              |             |          |          |            |
| Balance December 31, 2014          | \$ –      | \$ –                         | \$ –        | \$ –     | \$ –     | \$ –       |
| Additions                          | 14,521    | –                            | –           | –        | –        | 14,521     |
| Balance December 31, 2015          | 14,521    | –                            | –           | –        | –        | 14,521     |
| Additions                          | –         | 39,522                       | 16,057      | 4,061    | 3,172    | 62,812     |
| Balance, December 31, 2016         | 14,521    | 39,522                       | 16,057      | 4,061    | 3,172    | 77,333     |
| Expenditures                       |           |                              |             |          |          |            |
| Balance December 31, 2014 and 2015 | –         | –                            | –           | –        | –        | –          |
| Assays                             | 1,359     | –                            | –           | –        | –        | 1,359      |
| Data compilation                   | 16,690    | 8,359                        | 11,558      | –        | –        | 36,607     |
| Drilling                           | –         | –                            | 52,891      | –        | –        | 52,891     |
| Equipment                          | –         | –                            | 1,296       | –        | –        | 1,296      |
| Fieldwork                          | 1,600     | –                            | –           | –        | –        | 1,600      |
| Geology consulting                 | 20,241    | –                            | 288         | –        | –        | 20,529     |
| Geological surveys                 | 7,308     | –                            | –           | –        | –        | 7,308      |
| Sampling supplies                  | –         | –                            | 331         | –        | –        | 331        |
| Technical supervision              | –         | 852                          | –           | –        | –        | 852        |
| Balance, December 31, 2016         | 47,198    | 9,211                        | 66,364      | –        | –        | 122,773    |
| Total December 31, 2015            | \$ 14,521 | \$ –                         | \$ –        | \$ –     | \$ –     | \$ 14,521  |
| Total December 31, 2016            | \$ 61,719 | \$ 48,733                    | \$ 82,421   | \$ 4,061 | \$ 3,172 | \$ 200,106 |

### a) Tralee

Tralee is comprised of fifteen licences that were obtained by the Company on December 18, 2015 and expire December 17, 2021 whereupon they can be renewed subject to the Company achieving the spending requirements as outlined below. Eleven of the



licences are classified as incentive licenses, defined as ground which has been unclaimed for more than four years, and require the following expenditures over each successive two year time frame:

- Year 1 and 2: €2,500 per license
- Year 3 and 4: €5,000 per license
- Year 5 and 6: €10,000 per license

The remaining four are classified as standard licences, defined as ground which has remained unclaimed for less than four years, and require the following expenditures over each two year time frame:

- Year 1 and 2: €10,000 each
- Year 3 and 4: €15,000 each
- Year 5 and 6: €20,000 each

(Expenditures are collectively referred to as the “minimum spending requirements”)

*b) Carrickittle and PG West*

Carrickittle and PG West is comprised of thirty-four licences that were obtained by the Company over various dates. The two Gortdrum related licences were obtained on February 12, 2015, another nine were obtained in September 2016 and the remaining twenty-three in November 2016, each expiring six years from the date obtained. Seven of the licences are classified as incentive licences and the remaining twenty-five are classified as standard licences. The licences are renewable subject to the Company achieving the minimum spending requirements as defined above.

*c) Silvermines*

Silvermines is comprised of five licences that were obtained by the Company on September 27, 2016 and expire on September 26, 2022. Three of the licences are classified as incentive licenses and the remaining two are classified as standard licences. The licences are renewable subject to the Company achieving the minimum spending requirements.

In August 2016, the Company applied for an additional 16 licences. The licences were granted subsequent to year end. One of the licences is classified as an incentive licence and the remaining fifteen are classified as standard licences. The licences are renewable subject to the Company achieving the minimum spending requirements that are applicable as defined above.

*d) Ferbane*

In October 2016, the Company applied for three standard licences. The licences were granted subsequent to year end on February 13, 2019 and expire on February 12, 2023. These licences are renewable subject to the Company achieving the minimum spending requirements that are applicable as defined above.

*e) Kilkenny*

In October 2016, the Company applied for nine licences, including one incentive license and eight standard licenses. The licences were granted subsequent to year end on March 30, 2017 and expire on March 29, 2023. These licenses are renewable subject to the Company achieving the minimum spending requirements that are applicable as defined above.

## 7. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

| December 31                              | 2016       | 2015      |
|------------------------------------------|------------|-----------|
| Accounts payable                         | \$ 170,832 | \$ 11,476 |
| Accrued liabilities                      | 32,439     | 8,108     |
| Accounts payable and accrued liabilities | \$ 203,271 | \$ 19,584 |

## 8. SHARE CAPITAL

### (a) Share capital

*Authorized:* an unlimited number of common shares with no par value.

*Issued:* 24,012,754 common shares.

The Company issued the following shares while operating as GEME:

- On June 15, 2015 and July 1, 2015, 2,500 common shares were issued at a cash price of \$1.39 (€1 equivalent) per share for gross proceeds of \$3,478.
- On July 13, 2015, 1,200 common shares were issued at a cash price of \$5.74 (€4.13 equivalent) per share for gross proceeds of \$6,886.
- On July 27, 2015, 2,450 common shares were issued at a cash price of \$1.39 (€1 equivalent) per share for gross proceeds of \$3,408.
- On September 23, 2015, 1,250 common shares were issued at a cash price of \$5.94 (€4.00 equivalent) per share for gross proceeds of \$7,430.

On October 1, 2015, in order to better align the share price and the shares outstanding with peer companies, the Board of GEME approved the exchange of 7,500 outstanding GEME shares for 7,500,000 shares. On November 6, 2015 the Board resolved to exchange the 7,500,000 shares outstanding in GEME with 7,499,997 shares of GERL and obtained the necessary shareholder approvals.

The Company issued the following shares while operating as GERL:

- On December 31, 2015, 2,250,000 common shares were issued at a cash price of \$0.03 (€0.02 equivalent) per share for gross proceeds of \$67,631 for cash.
- On February 3, 2016, 200,000 common shares were issued at a cash price of \$0.08 (€0.05 equivalent) per share for gross proceeds of \$15,304 for cash.
- On March 1, 2016, 2,200,000 common shares were issued at a cash price of \$0.07 (€0.05 equivalent) per share for gross proceeds of \$159,973 for cash.
- On March 2, 2016, 500,000 common shares were issued at a cash price of \$0.07 (€0.05 equivalent) per share for gross proceeds of \$37,197 for cash.
- On April 29, 2016, 3,500,000 common shares were issued at a cash price of \$0.07 (€0.05 equivalent) per share for gross proceeds of \$253,230 for cash.
- On August 23, 2016, 838,244 common shares were issued at a cash price of \$0.07 (€0.05 equivalent) per share for gross proceeds of \$61,146 for cash.
- On November 1, 2016, 200,000 common shares were issued at a cash price of \$0.07 (€0.05 equivalent) per share for gross proceeds of \$14,309 for cash.
- On November 25, 2016, GERC issued one common share on incorporation.
- On November 30, 2016, 6,824,510 common shares were issued at a cash price of \$0.21 (€0.15 equivalent) per share for gross proceeds of \$1,453,880 for cash.

On December 23, 2016 the Board of GERC entered into and completed a share exchange agreement with GERL pursuant to which the 24,012,754 common shares issued and outstanding for GERL were exchanged for common shares of GERC on a one-for-one basis. The Board also entered into an option exchange agreement pursuant to which each stock option then issued and outstanding in GERL was exchanged for a stock option for the purchase of an equivalent amount of common shares in GERC.

### (b) Stock options

The Company has an incentive stock option plan (the “Plan”) that authorizes the Board of Directors to grant options to directors, officers, employees and consultants. The exercise price of each option will be determined by the Board at the date of grant based on pricing received in recently completed financings. Options granted will have a term not to exceed seven years and are subject to vesting provisions as determined by the Board.

On November 15, 2015, the Company, through GERL, made grants of incentive stock options exercisable in respect of a total of 1,300,000 shares at the price of \$0.03 per share (€0.02 per share) for a three-year term ending November 11, 2018. The Company granted an additional 1,000,000 incentive stock options pursuant to financial advisory grants at a price of \$0.03 per share (€0.02 per share) for a 6 year term with a three year straight line vesting period. From this grant, 500,000 of the incentive stock options were provided to a Director of the Company. The 2,300,000 options granted in 2015 had a weighted average fair value of \$0.02 per option. The Company recognized share based compensation of \$7,185 for options vesting during the year.

On November 1, 2016, the Company, through GERL, granted 3,382,950 incentive stock options at the price of \$0.22 per share (€0.15 per share) for a two-year term ending November 1, 2018 to a significant shareholder of the Company. On November 30, 2016, the Company granted 200,000 incentive stock options at the price of \$0.21 per share (€0.15 per share) for a two-year term ending November 30, 2018. The 3,582,950 options granted in 2016 had a weighted average fair value of \$0.07 per option and were recorded as share-based payments expense.

Total share-based payments expense for options granted and vested during the year was \$275,443 (2015 - \$21,647).

At December 31, 2016, the Company had options for the acquisition of up to 5,882,950 common shares outstanding to directors, consultants, and advisors as outlined below:

| Outstanding Options |           |                                 |                     |
|---------------------|-----------|---------------------------------|---------------------|
| Exercise Price      | Number    | Weighted Average Remaining Term | Exercisable Options |
| \$0.03              | 1,300,000 | 1.86                            | 1,300,000           |
| \$0.03              | 1,000,000 | 4.87                            | 333,333             |
| \$0.22              | 3,382,950 | 1.84                            | 3,382,950           |
| \$0.21              | 200,000   | 1.92                            | 200,000             |
|                     | 5,882,950 | 2.36                            | 5,216,283           |

Stock option transactions and the number of stock options outstanding are summarized as follows. No stock options were exercised or expired during the year.

|                            | Number of Stock Options | Weighted Average Exercise Price |
|----------------------------|-------------------------|---------------------------------|
| Balance, December 31, 2014 | —                       | \$ —                            |
| Stock options granted      | 2,300,000               | 0.03                            |
| Balance, December 31, 2015 | 2,300,000               | 0.03                            |
| Stock options granted      | 3,582,950               | 0.22                            |
| Balance, December 31, 2016 | 5,882,950               | \$ 0.15                         |

The fair value of stock options granted were estimated using the black-scholes option pricing model with the following weighted average assumptions:

|                                 | December 31, 2016 | December 31, 2015 |
|---------------------------------|-------------------|-------------------|
| Risk free interest rate         | 0%                | 0%                |
| Expected life of options        | 2 Years           | 3 – 6 Years       |
| Expected dividend yield         | Nil               | Nil               |
| Expected stock price volatility | 62 – 63%          | 89%               |

## 9. FINANCIAL RISK MANAGEMENT

The Company is exposed to a variety of risks related to financial instruments. The Board approves and monitors the risk management processes. The principal types of risk exposure and the way in which they are managed are as follows:

### *Liquidity Risk*

Liquidity risk is the risk that the Company will not be able to meet its financial obligations when they become due. As at December 31, 2016 the Company had working capital of \$1,515,053 (December 31, 2015 - \$79,803). Management believes that the Company has sufficient financial resources to meet its obligations as they come due.

### *Foreign exchange risk*

The Company's functional currency is the Canadian dollar. There is a foreign exchange risk to the Company as its exploration and evaluation property interests and resulting future commitments are located in Ireland. The Euro translation rate has experienced volatility over the last several years as a result of monetary policies adopted by the European Central Bank. Management monitors its foreign currency balances and makes adjustments based on anticipated need for currencies. The Company has a policy of not engaging in hedging activities to address this foreign currency risk. At December 31, 2016, the Company had Euro denominated current assets of €\$1,212,734 (December 31, 2015 - €80,119). At December 31, 2016, the Company had Euro denominated current liabilities of €143,462 (December 31, 2015 - €13,031). Accordingly, a 10% change in the foreign exchange rate would result in a \$167,102 credit or charge to operations.

*Interest rate risk*

Interest rate risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate due to changes in market interest rates. The Company is currently not exposed to any interest rate risk as cash and cash equivalents are held in a non-interest bearing account and the Company does not hold any interest bearing liabilities.

*Commodity price risk*

While the value of the Company's exploration and evaluation assets is related to the price of zinc and other minerals, the Company currently does not have any operating mines and hence does not have any hedging or other commodity based risks with respect to its operational activities. Zinc and other mineral prices have historically fluctuated widely and are affected by numerous factors outside of the Company's control, including, but not limited to, the perception of market participants about the price and future price prospects for zinc, changes in manufacturing and construction activity as well as other industrial demands, levels of worldwide production, and forward sales by producers and speculators.

*Fair value*

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.

The fair value of the Company's other receivables and accounts payable and accrued liabilities approximates their carrying value because of the short-term nature of the financial instruments. The Company's cash and cash equivalents is measured at fair value using Level 1 inputs.

**10. RELATED PARTY BALANCES AND TRANSACTIONS**

The key management personnel include those persons having authority and responsibility for planning, directing, and controlling the activities of the Company as a whole. The Company has determined that key management personnel consist of executive and non-executive members of the Company's Board of Directors and corporate officers. Their remuneration includes the following:

| Year Ended December 31                           | 2016       | 2015     |
|--------------------------------------------------|------------|----------|
| Management fees                                  | \$ 77,191  | \$ 3,647 |
| Salaries and benefits                            | 62,795     | –        |
| Professional fees                                | 32,252     | –        |
| Capitalized to exploration and evaluation assets | 38,130     | –        |
| Share-based payments                             | 3,592      | –        |
| Total                                            | \$ 213,960 | \$ 3,647 |

At December 31, 2016, accounts payable and accrued liabilities include \$40,470 (December 31, 2015 – \$1,661) payable to a director of the Company.

**11. INCOME TAXES**

A reconciliation of income taxes at statutory rates with reported taxes is as follows:

| For the year ended December 31,                                    | 2016        | 2015       |
|--------------------------------------------------------------------|-------------|------------|
| Loss before income taxes                                           | (\$589,275) | (\$63,793) |
| Statutory tax rate                                                 | 25%         | 27%        |
| Income tax recovery                                                | (147,000)   | (17,000)   |
| Change in statutory, foreign tax, foreign exchange rates and other | (1,000)     | 2,000      |
| Permanent difference                                               | 70,000      | 8,000      |
| Change in unrecognized deductible temporary differences            | 78,000      | 7,000      |
| Total income tax expense (recovery)                                | \$ –        | \$ –       |

The significant components of the Company's deferred tax assets that have not been included on the consolidated statement of financial position are as follows:

| <i>As at December 31,</i>                             | <i>2016</i>      | <i>2015</i>     |
|-------------------------------------------------------|------------------|-----------------|
| <i>Deferred tax assets (liabilities)</i>              |                  |                 |
| <i>Non-capital losses available for future period</i> | <i>\$ 85,000</i> | <i>\$ 7,000</i> |
|                                                       | <i>85,000</i>    | <i>7,000</i>    |
| <i>Unrecognized deferred tax assets</i>               | <i>(85,000)</i>  | <i>(7,000)</i>  |
| <i>Net deferred tax assets</i>                        | <i>\$ –</i>      | <i>\$ –</i>     |

The significant components of the Company's temporary differences, unused tax credits and unused tax losses that have not been included on the consolidated statement of financial position are as follows:

|                                                | <i>2016</i> | <i>Expiry Dates</i> | <i>2015</i> | <i>Expiry Dates</i> |
|------------------------------------------------|-------------|---------------------|-------------|---------------------|
| Temporary Differences                          |             |                     |             |                     |
| Non-capital losses available for future period | \$ 341,000  | 2017 – 2018         | \$ 31,000   | 2017                |

## 12. CAPITAL MANAGEMENT

The Company's objective when managing capital is to safeguard the entity's ability to continue as a going concern. The Company monitors its adjusted capital which comprises all components of equity. The Company manages its capital structure and makes adjustments to it in the light of changes in economic conditions and the risk characteristics of the underlying assets. To maintain or adjust the capital structure, the Company may issue common shares through private placements. The Company is not exposed to any externally imposed capital requirements. No changes were made to the Company's capital management practices during the year ended December 31, 2016.

## 13. COMMITMENTS

The Company entered into an advisory agreement with Highland Capital Advisors Inc. ("HCA"), a company controlled by a former director of the Company. In conjunction with this agreement the Company will issue 500,000 shares contingent on HCA directly originating a minimum of €500,000 in equity funding for the Company, cumulatively within a three year period from November 10th, 2015. HCA will earn a second tranche of 500,000 shares if the Company concludes a significant strategic transaction, including merger and/or major asset acquisition, which arises directly from services provided by HCA.

During the period ended June 30, 2017, HCA directly originated the minimum equity funding and assisted in the closing of a significant strategic transaction (Note 14). The 1,000,000 common shares were subsequently issued to HCA.

On October 6, 2017 the advisory agreement with HCA was terminated. No investment bonus payments were made or are payable under the agreement.

## 14. SUBSEQUENT EVENTS

- On January 20, 2017 and February 6, 2017 the Company issued a total of 540,301 for cash proceeds of \$115,147.
- On February 22, 2017 the Company granted 200,000 stock options at an exercise price of \$0.21 per share (€0.15 per share) exercisable for one year to an advisor to the Company.
- On June 8, 2017, the Company granted 300,000 incentive stock options with an exercise price of \$0.30 per share for a two-year term ending June 8, 2019.
- From June 12 to 15, 2017, the Company closed the first tranche of a non-brokered private placement for 9,480,670 common shares at an issue price of \$0.30 per share for gross proceeds of \$2,844,201.
- On June 21, 2017, the Company granted an additional 300,000 incentive stock options with an exercise price of \$0.30 per share for a two-year term ending June 21, 2019.
- On June 22, 2017, the Company closed the final tranche of a non-brokered private placement for 3,300,868 common shares at an issue price of \$0.30 per share for gross proceeds of \$990,260.
- On June 30, 2017 the Company acquired, through GERL, a 60% interest in Ballinalack Resources Limited ("Ballinalack") from Teck Ireland Ltd. ("TIL"), a wholly-owned subsidiary of Teck Resources Limited. As consideration the Company issued 3,333,333 common shares of the Company with a value of \$0.30 per share and paid an additional \$2,500,000 in cash proceeds. The Company has also signed a royalty agreement providing a net smelter return to TIL of 1.5% on 60% of the future production from Ballinalack. The Company can repurchase 0.5% of the net smelter return with a cash payment of \$2,000,000.
- On September 8, 2017 the Company acquired, through GERL, a 76.56% interest in TILZ Minerals Ltd. ("TILZ") from TIL for

total consideration of \$2,150,000 and a net smelter return royalty (“NSR”) of 4.5% on 76.56% of future production from TILZ with the following buy-back provisions:

- 0.5% of the NSR can be repurchased for \$2,000,000 at any time,
- 1.0% of the NSR can be repurchased for \$1,000,000 on completion of a preliminary economic assessment,
- 1.0% of the NSR can be repurchased for \$1,000,000 on completion of a preliminary feasibility study,
- 1.0% of the NSR can be repurchased for \$3,000,000 on completion of a bankable economic assessment.

In the event that the Company elects not to exercise the option to repurchase the NSR under the latter 3 provisions, TIL has the right to require the Company exercise the option to repurchase the NSR under each provision.

- i) On September 6, 2017 the Company closed the first tranche of a non-brokered private placement for 2,325,000 shares at an issue price of \$0.40 per share for total proceeds of \$930,000. In conjunction with closing this financing the Company also issued 1,250,000 options at an issue price \$0.40 to MAG Silver Corp. with a two year term expiring at the earliest of the Company’s initial public offering or August 31, 2019. The Company also paid a finder’s fee of 6% on \$175,000 payable in shares of the Company based on an issue price of \$0.40 per share.
- j) From September 11 to September 26, 2017, the Company closed the final tranche of a non-brokered private placement for 675,000 shares at an issue price of \$0.40 per share for total proceeds of \$270,000. The Company also issued 26,250 common shares as a finder’s fee in connection with \$175,000 of this final tranche.
- k) The Company filed a prospectus offering for a minimum of 12,500,000 units for gross proceeds of \$5.0 million and a maximum of 25,000,000 units for gross proceeds of \$10.0 million at a price of \$0.40 per unit (the “Offering”). Each unit consists of one common share of the Company and one share purchase warrant. Each warrant entitles the holder to acquire one additional common share of the Company for \$0.60 per share on or before December 14, 2018.

The Company has agreed to pay the agents a cash commission equal to 6.0% of the gross proceeds from the sale of units under the Offering (the “Agents’ Commission”), and to grant the agents non-transferable agents’ warrants entitling the agents to purchase common shares of the Company equal to 6.0% of the units sold at a price of \$0.40 per share, on or before June 14, 2019. The Company has also agreed to pay the agents’ expenses in connection with the Offering, including legal fees and disbursements and the agents’ reasonable out-of-pocket expenses.

In conjunction with the filing and completion of the offering previously issued options to MAG Silver Corp. were converted to warrants and the term was extended such that the expiry dates were two years from the date of closing.

The Company received conditional approval from the TSX Venture Exchange (the “TSX-V”) on the listing of its common shares on the TSX Venture Exchange.

**Group Eleven Resources Corp.**

Condensed Consolidated Interim Financial Statements September 30, 2017

Expressed in Canadian Dollars

(Unaudited)

**GROUP ELEVEN RESOURCES CORP.****CONDENSED CONSOLIDATED INTERIM STATEMENTS OF FINANCIAL POSITION**

(Expressed in Canadian Dollars, unless otherwise stated)

(Unaudited)

|                                                   | <b>September 30,<br/>2017</b> | <b>December 31,<br/>2016</b> |
|---------------------------------------------------|-------------------------------|------------------------------|
| <b>Assets</b>                                     |                               |                              |
| Current Assets                                    |                               |                              |
| Cash and cash equivalents                         | \$ 910,898                    | \$ 1,702,726                 |
| Prepaid expenses                                  | 14,916                        | 2,827                        |
| Other receivables (Note 6)                        | 76,957                        | 12,771                       |
| Total Current Assets                              | 1,002,771                     | 1,718,324                    |
| Non-Current Assets                                |                               |                              |
| Equipment (Note 7)                                | 12,466                        | 12,874                       |
| Exploration and evaluation assets (Note 8)        | 6,441,804                     | 200,106                      |
| <b>Total Assets</b>                               | <b>\$ 7,457,041</b>           | <b>\$ 1,931,304</b>          |
| <b>Liabilities and Shareholders' Equity</b>       |                               |                              |
| Current Liabilities                               |                               |                              |
| Accounts payable and accrued liabilities (Note 9) | \$ 460,113                    | \$ 203,271                   |
| Total Liabilities                                 | 460,113                       | 203,271                      |
| Shareholders' Equity                              |                               |                              |
| Share capital (Note 10)                           | 8,341,110                     | 2,084,011                    |
| Reserves (Note 10)                                | 556,574                       | 297,090                      |
| Deficit                                           | (1,900,756)                   | (653,068)                    |
| Total Shareholders' Equity                        | 6,996,928                     | 1,728,033                    |
| <b>Total Liabilities and Shareholders' Equity</b> | <b>\$ 7,457,041</b>           | <b>\$ 1,931,304</b>          |
| Nature and continuance of operations (Note 1)     |                               |                              |
| Commitments (Note 14)                             |                               |                              |
| Subsequent events (Note 15)                       |                               |                              |

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



**GROUP ELEVEN RESOURCES CORP.****CONDENSED CONSOLIDATED INTERIM STATEMENTS OF LOSS AND COMPREHENSIVE LOSS**

(Expressed in Canadian Dollars, unless otherwise stated)

(Unaudited)

|                                                                                     | <b>For the Three Months Ended<br/>September 30,</b> |                    | <b>For the Nine Months Ended<br/>September 30,</b> |                     |
|-------------------------------------------------------------------------------------|-----------------------------------------------------|--------------------|----------------------------------------------------|---------------------|
|                                                                                     | <b>2017</b>                                         | <b>2016</b>        | <b>2017</b>                                        | <b>2016</b>         |
| <b>Operating expenses</b>                                                           |                                                     |                    |                                                    |                     |
| Management fees (Note 12)                                                           | \$ 56,333                                           | \$ 19,279          | \$ 157,769                                         | \$ 51,312           |
| Salaries and benefits (Note 12)                                                     | 28,277                                              | 10,657             | 78,886                                             | 30,118              |
| Professional fees (Note 12)                                                         | 255,848                                             | 335                | 564,499                                            | 3,504               |
| General and administrative                                                          | 101,780                                             | 1,799              | 193,746                                            | 18,863              |
| Marketing and investor relations                                                    | 140                                                 | –                  | 23,315                                             | –                   |
| Depreciation (Note 7)                                                               | 1,473                                               | 477                | 4,240                                              | 1,416               |
| Share-based payments (Note 10)                                                      | 182,993                                             | –                  | 259,484                                            | –                   |
| <b>Total operating expenses</b>                                                     | <b>(626,844)</b>                                    | <b>(32,547)</b>    | <b>(1,281,939)</b>                                 | <b>(105,213)</b>    |
| Foreign exchange (loss) gain                                                        | (16,795)                                            | (1,028)            | 33,245                                             | 5,179               |
| Interest income                                                                     | 1,006                                               | –                  | 1,006                                              | –                   |
| <b>Loss and comprehensive loss for the period</b>                                   | <b>\$ (642,633)</b>                                 | <b>\$ (33,575)</b> | <b>\$ (1,247,688)</b>                              | <b>\$ (100,034)</b> |
| <b>Basic and diluted loss per common share</b>                                      | <b>(\$0.02)</b>                                     | <b>(\$0.00)</b>    | <b>(\$0.04)</b>                                    | <b>(\$0.01)</b>     |
| <b>Weighted average number of common shares outstanding –<br/>basic and diluted</b> | <b>41,782,479</b>                                   | <b>16,237,269</b>  | <b>31,046,271</b>                                  | <b>13,019,735</b>   |

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

**GROUP ELEVEN RESOURCES CORP.****CONDENSED CONSOLIDATED INTERIM STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY**

For the nine months ended September 30, 2017 and 2016

(Expressed in Canadian Dollars, unless otherwise stated)

(Unaudited)

|                                                                   | Share Capital     |                     | Reserves          | Subscriptions    |                       | Total               |
|-------------------------------------------------------------------|-------------------|---------------------|-------------------|------------------|-----------------------|---------------------|
|                                                                   | Shares            | Amount              |                   | Received         | Deficit               |                     |
| Balance, December 31, 2015                                        | 9,750,000         | \$ 88,972           | \$ 21,647         | \$ 53,179        | \$ (63,793)           | \$ 100,005          |
| Shares issued for private placement                               | 7,238,244         | 526,849             | —                 | (53,179)         | —                     | 473,670             |
| Share subscriptions received                                      | —                 | —                   | —                 | 15,315           | —                     | 15,315              |
| Loss for the period                                               | —                 | —                   | —                 | —                | (100,034)             | (100,034)           |
| <b>Balance, September 30, 2016</b>                                | <b>16,988,244</b> | <b>\$ 615,821</b>   | <b>\$ 21,647</b>  | <b>\$ 15,315</b> | <b>\$ (163,827)</b>   | <b>\$ 488,956</b>   |
| Shares issued for private placement                               | 7,024,510         | 1,468,190           | —                 | (15,315)         | —                     | 1,452,875           |
| Incorporation share – GERC                                        | 1                 | —                   | —                 | —                | —                     | —                   |
| Share-based payments                                              | —                 | —                   | 275,443           | —                | —                     | 275,443             |
| Loss for the period                                               | —                 | —                   | —                 | —                | (489,241)             | (489,241)           |
| <b>Balance, December 31, 2016</b>                                 | <b>24,012,755</b> | <b>\$ 2,084,011</b> | <b>\$ 297,090</b> | <b>\$ —</b>      | <b>\$ (653,068)</b>   | <b>\$ 1,728,033</b> |
| Shares issued for private placement                               | 16,321,839        | 5,149,609           | —                 | —                | —                     | 5,149,609           |
| Shares issued to acquire exploration assets                       | 3,333,333         | 1,000,000           | —                 | —                | —                     | 1,000,000           |
| Shares issued for transaction costs to acquire exploration assets | 500,000           | 150,000             | —                 | —                | —                     | 150,000             |
| Shares issued for financing costs                                 | 526,250           | 160,500             | —                 | —                | —                     | 160,500             |
| Share issuance costs                                              | —                 | (203,010)           | —                 | —                | —                     | (203,010)           |
| Share-based payments                                              | —                 | —                   | 259,484           | —                | —                     | 259,484             |
| Loss for the period                                               | —                 | —                   | —                 | —                | (1,247,688)           | (1,247,688)         |
| <b>Balance, September 30, 2017</b>                                | <b>44,694,177</b> | <b>\$ 8,341,110</b> | <b>\$ 556,574</b> | <b>\$ —</b>      | <b>\$ (1,900,756)</b> | <b>\$ 6,996,928</b> |

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

**GROUP ELEVEN RESOURCES CORP.****CONDENSED CONSOLIDATED INTERIM STATEMENTS OF CASH FLOWS**

For the nine months ended September 30

(Expressed in Canadian Dollars, unless otherwise stated)\

(Unaudited)

|                                                           | 2017               | 2016                |
|-----------------------------------------------------------|--------------------|---------------------|
| <b>CASH FLOWS FROM OPERATING ACTIVITIES</b>               |                    |                     |
| Loss for the period                                       | \$ (1,247,688)     | \$ (100,034)        |
| Items not affecting cash:                                 |                    |                     |
| Depreciation                                              | 4,240              | 1,416               |
| Share-based payments                                      | 259,484            | —                   |
| Changes in non-cash working capital items:                |                    |                     |
| Prepaid expenses                                          | (12,089)           | 9                   |
| Other receivables                                         | (64,186)           | (18,357)            |
| Accounts payable and accrued liabilities                  | 256,842            | (9,366)             |
| <b>Net cash used in operating activities</b>              | <b>(803,397)</b>   | <b>(126,332)</b>    |
| <b>CASH FLOWS FROM INVESTING ACTIVITIES</b>               |                    | \$ (100,034)        |
| Expenditures on exploration and evaluation assets         | (5,091,698)        |                     |
| Purchase of equipment                                     | (3,832)            | 1,416               |
| <b>Net cash used in investing activities</b>              | <b>(5,095,530)</b> | <b>—</b>            |
| <b>CASH FLOWS FROM FINANCING ACTIVITIES</b>               |                    |                     |
| Proceeds from share issuances                             | 5,149,609          | 9                   |
| Share issuance costs                                      | (42,510)           | (18,357)            |
| Share subscriptions received                              | —                  | (9,366)             |
| <b>Net cash provided by financing activities</b>          | <b>5,107,099</b>   | <b>(126,332)</b>    |
| <b>Change in cash and cash equivalents</b>                | <b>(791,828)</b>   | <b>\$ (100,034)</b> |
| <b>Cash and cash equivalents, beginning of the period</b> | <b>1,702,726</b>   |                     |
| <b>Cash and cash equivalents, end of the period</b>       | <b>910,898</b>     | <b>1,416</b>        |

Cash and cash equivalents consists entirely of cash.

**Supplemental Cash Flow Information:**

|                                                                                                       |              |      |
|-------------------------------------------------------------------------------------------------------|--------------|------|
| Shares issued to acquire exploration and evaluation assets                                            | \$ 1,000,000 | \$ — |
| Shares issued for payment of advisory fee for the acquisition of Balinallack Resources Ltd. (Note 14) | 150,000      | —    |
| Shares issued for payment of financing fees (Note 12)                                                 | 160,500      | —    |

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

## 1. NATURE AND CONTINUANCE OF OPERATIONS

Group Eleven Resources Corp. (the “Company” or “GERC”) was incorporated under the laws of the Province of British Columbia, Canada on November 25, 2016, and its principal business activity is the exploration of mineral properties. The Company’s corporate office is located at 2200 – 885 West Georgia, Vancouver, British Columbia.

These condensed consolidated interim financial statements are prepared on a going concern basis which assumes that the Company will be able to realize its assets and discharge its liabilities in the normal course of business for the foreseeable future. The continuing operations of the Company are dependent upon obtaining necessary financing to meet the Company’s commitments as they come due and to fund future exploration and development of economically recoverable reserves or potential business acquisitions, securing and maintaining title and beneficial interest in the properties and attaining future profitable production. At September 30, 2017, the Company had cash and cash equivalents of \$910,898 and working capital of \$542,658. Management believes that the Company will have sufficient financial resources with the completion of its initial public offering (Note 15) to maintain its operations and activities for the upcoming year.

On November 6, 2015, Group Eleven Mining and Exploration Inc. (“GEME”) and its shareholders agreed to exchange their 7,500,000 shares of GEME for 7,449,997 shares of Group Eleven Resources Ltd. (“GERL”). Each of the shareholders of GEME were also the sole shareholders of GERL in the same relative proportions and therefore no effective change of control of the entities occurred. On December 23, 2016, GERL and its shareholders entered into a share exchange agreement with GERC whereby the shareholders of GERL exchanged there 24,012,754 shares of GERL for 24,012,754 shares of GERC. The shareholders of GEME became the sole shareholders of GERL and therefore no effective change of control of the entities occurred. These transactions involve entities under common control and are accounted for under the predecessor value method whereby the acquired assets and liabilities are recorded at their carrying values and the comparative periods reflect the combinations as if they had taken place at the beginning of the earliest comparative period presented.

## 2. SIGNIFICANT ACCOUNTING POLICIES

### (a) *Basis of Presentation*

These condensed consolidated interim financial statements, including comparatives, have been prepared in accordance with International Financial Reporting Standards (“IFRS”) and International Accounting Standards (“IAS”) 34 “Interim Financial Reporting” as issued by the International Accounting Standards Board. These condensed consolidated interim financial statements have been prepared on a historical cost basis, except for financial instruments classified at fair value through profit or loss, which are stated at fair value. In addition, these condensed consolidated interim financial statements have been prepared using the accrual basis of accounting, except for cash flow information. These condensed consolidated interim financial statements do not include all of the necessary annual disclosures in accordance with IFRS and should be read in conjunction with the Company’s audited consolidated financial statements for the year ended December 31, 2016.

On December 4, 2017, the Board of Directors of the Company approved these condensed consolidated interim financial statements.

### (b) *Basis of Consolidation*

These condensed consolidated interim financial statements include the accounts of the Company, its wholly owned subsidiaries, GERL and GEME, a 60% interest in Ballinalack Resources Limited, and a 76.56% interest in TILZ Minerals Ltd., all incorporated in Dublin, Ireland. All inter-company transactions and accounts have been eliminated upon consolidation.

### (c) *Foreign Currencies*

These condensed consolidated interim financial statements are presented in Canadian dollars. The functional currency of the Company and its subsidiaries is also the Canadian dollar.

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the date of the transaction. Foreign currency monetary items are translated at the period-end exchange rate. Non-monetary items measured at historical cost continue to be carried at the exchange rate at the date of the transaction. Exchange differences arising on the translation of monetary items or on settlement of monetary items are recognized in profit or loss in the period in which they arise.

### (d) *Significant Accounting Estimates and Judgments*

The preparation of these condensed consolidated interim financial statements requires management to make certain estimates, judgments and assumptions that affect the reported amounts of assets and liabilities at the date of the consolidated financial statements and reported amounts of expenses during the reporting period. Actual outcomes could differ from these estimates. These consolidated financial statements include estimates which, by their nature, are uncertain. The impacts of such estimates are pervasive throughout the condensed consolidated interim financial statements, and may require accounting adjustments based on future occurrences. Revisions to accounting estimates are recognized in the period in which the estimate is revised and future periods if the revision affects both current and future periods. These estimates are based on historical experience, current and future economic conditions and other factors, including expectations of future events that are believed to be reasonable under the circumstances. The Company’s significant accounting judgments and estimates were presented in Note 2 of the audited annual

consolidated financial statements for the year ended December 31, 2016.

### 3. NEW ACCOUNTING STANDARDS NOT YET ADOPTED

There were no new standards effective January 1, 2017 that had any impact on these condensed consolidated interim financial statements or are expected to have a material effect in the future. The following standards and interpretations have been issued but are not yet effective as of January 1, 2017.

**IFRS 9 Financial Instruments (“IFRS 9”)** was issued by the IASB on July 24, 2014 and will replace IAS 39 Financial Instruments: Recognition and Measurement. IFRS 9 utilizes a single approach to determine whether a financial asset is measured at amortized cost or fair value and a new mixed measurement model for debt instruments having only two categories: amortized cost and fair value. 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. Final amendments released on July 24, 2014 also introduce a new expected loss impairment model and limited changes to the classification and measurement requirements for financial assets. IFRS 9 is effective for annual periods beginning on or after January 1, 2018. The Company is currently evaluating the impact the final standard and amendments on its consolidated financial statements.

**IFRS 15, Revenue from Contracts with Customers (“IFRS 15”)** In May 2014, the IASB and the Financial Accounting Standards Board (“FASB”) completed its joint project to clarify the principles for recognizing revenue and to develop a common revenue standard for IFRS and US GAAP. As a result of the joint project, the IASB issued IFRS 15, Revenue from Contracts with Customers, and will replace IAS 18, Revenue, IAS 11, Construction Contracts, and related interpretations on revenue. IFRS 15 establishes principles to address the nature, amount, timing and uncertainty of revenue and cash flows arising from an entity’s contracts with customers. The standard is effective for annual periods beginning on or after January 1, 2018. The Company plans to apply IFRS 15 at the date it becomes effective. The Company is in the process of analyzing IFRS 15 and determining the effect on its consolidated financial statements as a result of adopting this standard but at this time no impact is expected.

**IFRS 16, Leases (“IFRS 16”)** In January 2016, the IASB issued IFRS 16 - Leases which replaces IAS 17 - Leases and its associated interpretative guidance. IFRS 16 applies a control model to the identification of leases, distinguishing between a lease and a service contract on the basis of whether the customer controls the asset being leased. For those assets determined to meet the definition of a lease, IFRS 16 introduces significant changes to the accounting by lessees, introducing a single, on-balance sheet accounting model that is similar to current finance lease accounting, with limited exceptions for short-term leases or leases of low value assets. Lessor accounting remains similar to current accounting practice. The standard is effective for annual periods beginning on or after January 1, 2019, with early application permitted for entities that apply IFRS 15. The Company is currently evaluating the impact the final standard is expected to have on its consolidated financial statements.

### 4. ACQUISITION OF BALLINALACK RESOURCES LIMITED

On June 30, 2017 the Company acquired, through GERL, a 60% interest in Ballinalack Resources Limited (“Ballinalack”) from Teck Ireland Ltd. (“TIL”), a wholly owned subsidiary of Teck Resources Limited. Ballinalack holds a 100% interest in eleven prospecting licenses covering the Ballinalack Zinc Project located in Counties Westmeath and Longford, Ireland. The 60% interest effectively represents a 60% interest in the underlying prospecting licenses. The remaining 40% interest in Ballinalack is held by Shenzhen Zhongjin Lingnan Nonfemet Company Limited. The prospecting licenses expire June 19, 2018 and are subject to minimum spending requirements totaling €312,000 prior to their expiry date.

As consideration the Company issued 3,333,333 common shares of the Company with a value of \$0.30 per share and paid an additional \$2,500,000 in cash proceeds. The Company has also signed a royalty agreement providing a net smelter return to TIL of 1.5% on 60% of the future production from Ballinalack. The Company can repurchase 0.5% of the net smelter return with a cash payment of \$2,000,000.

The Company has accounted for the acquisition as a purchase of assets and assumption of liabilities. The transaction did not qualify as a business combination under IFRS 3, Business Combinations. The purchase price has been allocated to the assets acquired and liabilities assumed as follows:

|                                            |                     |
|--------------------------------------------|---------------------|
| <b>Purchase Price</b>                      |                     |
| Cash                                       | \$ 2,500,000        |
| Common shares issued (3,333,333 shares)    | 1,000,000           |
| Advisory fee (Note 12)                     | 150,000             |
|                                            | <b>\$ 3,650,000</b> |
| <b>Net Assets Acquired</b>                 |                     |
| Current assets, net of current liabilities | \$ (2,814)          |
| Exploration and evaluation assets          | 3,652,814           |
|                                            | <b>\$ 3,650,000</b> |

## 5. ACQUISITION OF TILZ MINERALS LTD.

On September 8, 2017 the Company acquired, through GERL, a 76.56% interest in TILZ Minerals Ltd (“TILZ”) from TIL. TILZ holds a 100% interest in six prospecting licenses covering the Stone Park Project located in Limerick County, Ireland. The 76.56% interest effectively represents a 76.56% interest in the underlying prospecting licenses. The remaining 33.44% interest in TILZ is held by Connemara Mining plc. The prospecting licenses expire between April 27, 2018 and January 31, 2019 and are subject to minimum spending requirements of €287,000 over that period.

As consideration the Company paid \$2,150,000 in cash proceeds and signed a royalty agreement providing a net smelter return to TIL of 4.5% on 76.56% of the future production from TILZ. The Company has the following buy-back provisions with respect to the royalty agreement:

- 0.5% of the net smelter return can be repurchased for \$2,000,000 at any time,
- 1.0% of the net smelter return can be repurchased for \$1,000,000 on completion of a preliminary economic assessment,
- 1.0% of the net smelter return can be repurchased for \$1,000,000 on completion of a preliminary feasibility study,
- 1.0% of the net smelter return can be repurchased for \$3,000,000 on completion of a bankable economic assessment.

In the event the Company elects not to exercise the option to repurchase the NSR under the latter three provisions, TIL has the right to require the Company to exercise the option to repurchase the NSR under each provision.

The Company has accounted for the acquisition as a purchase of assets and assumption of liabilities. The transaction did not qualify as a business combination under IFRS 3, Business Combinations. The purchase price has been allocated to the assets acquired and liabilities assumed as follows:

|                                            |                     |
|--------------------------------------------|---------------------|
| <b>Purchase Price</b>                      |                     |
| Cash                                       | \$ 2,150,000        |
|                                            | <b>\$ 2,150,000</b> |
| <b>Net Assets Acquired</b>                 |                     |
| Current assets, net of current liabilities | \$ (3,270)          |
| Exploration and evaluation assets          | 2,153,270           |
|                                            | <b>\$ 3,650,000</b> |

## 6. OTHER RECEIVABLES

Other receivables consists of recoverable amounts paid for value added tax charged to the Company on purchases of goods or services.

**7. EQUIPMENT**

| <b>Cost</b>                        | <b>Computer Equipment</b> |              | <b>Computer Software</b> |               | <b>Total</b>     |
|------------------------------------|---------------------------|--------------|--------------------------|---------------|------------------|
| Balance, December 31, 2015         | \$                        | –            | \$                       | 5,681         | \$ 5,681         |
| Additions                          |                           | 1,578        |                          | 7,509         | 9,087            |
| Balance, December 31, 2016         |                           | 1,578        |                          | 13,190        | 14,768           |
| Additions                          |                           | 3,832        |                          | –             | 3,832            |
| <b>Balance, September 30, 2017</b> | <b>\$</b>                 | <b>5,410</b> | <b>\$</b>                | <b>13,190</b> | <b>\$18,600</b>  |
| <b>Accumulated Depreciation</b>    |                           |              |                          |               |                  |
| Balance, December 31, 2015         | \$                        | –            | \$                       | –             | \$ –             |
| Depreciation                       |                           | –            |                          | 1,894         | 1,894            |
| Balance, December 31, 2016         | \$                        | –            | \$                       | 1,894         | \$ 1,894         |
| Depreciation                       |                           | 943          |                          | 3,297         | 4,240            |
| <b>Balance, September 30, 2017</b> | <b>\$</b>                 | <b>943</b>   | <b>\$</b>                | <b>5,191</b>  | <b>\$ 6,134</b>  |
| <b>Net Book Value</b>              |                           |              |                          |               |                  |
| Balance, December 31, 2016         | \$                        | 1,578        | \$                       | 11,296        | \$ 12,874        |
| <b>Balance, September 30, 2017</b> | <b>\$</b>                 | <b>4,467</b> | <b>\$</b>                | <b>7,999</b>  | <b>\$ 12,466</b> |

**8. EXPLORATION AND EVALUATION ASSETS**

All of the Company's exploration and evaluation assets are located in Ireland.

|                                  | <b>Tralee</b>     | <b>Carrickittle<br/>and PG<br/>West</b> | <b>Silvermines</b> | <b>Ferbane<br/>and<br/>Kilkenny</b> | <b>Ballinalack</b>  | <b>Stone Park</b>   | <b>Total</b>        |
|----------------------------------|-------------------|-----------------------------------------|--------------------|-------------------------------------|---------------------|---------------------|---------------------|
| <b>Acquisition</b>               |                   |                                         |                    |                                     |                     |                     |                     |
| Balance, December 31, 2016       | \$ 14,521         | \$ 39,522                               | \$ 16,057          | \$ 7,233                            | \$ –                | \$ –                | \$ 77,333           |
| Additions                        | –                 | 1,103                                   | 9,518              | 4,759                               | 3,652,814           | 2,153,270           | 5,821,464           |
| Balance, September 30, 2017      | 14,521            | 40,625                                  | 25,575             | 11,992                              | 3,652,814           | 2,153,270           | 5,898,797           |
| <b>Expenditures</b>              |                   |                                         |                    |                                     |                     |                     |                     |
| Balance, December 31, 2016       | 47,198            | 9,211                                   | 66,364             | –                                   | –                   | –                   | 122,773             |
| Assays                           | 824               | –                                       | 11,459             | –                                   | –                   | –                   | 12,283              |
| Data compilation                 | 14,196            | 24,975                                  | 68,547             | 1,240                               | 9,944               | 568                 | 119,470             |
| Drilling                         | 108,764           | 30,667                                  | –                  | –                                   | –                   | –                   | 139,431             |
| Equipment                        | 33,871            | 2,513                                   | 10,169             | –                                   | 2,756               | 9,188               | 58,497              |
| Fieldwork                        | 4,565             | 2,825                                   | 15,505             | –                                   | 662                 | –                   | 23,557              |
| Geology consulting               | 2,646             | 5,282                                   | 282                | 1,392                               | 513                 | –                   | 10,115              |
| Geological surveys               | 3,511             | 515                                     | 32,467             | –                                   | –                   | –                   | 36,493              |
| Sampling supplies                | 6,816             | 3,237                                   | 5,433              | 2,206                               | 1,103               | 1,103               | 19,898              |
| Technical supervision            | –                 | –                                       | 490                | –                                   | –                   | –                   | 490                 |
| Balance, September 30, 2017      | 222,391           | 79,225                                  | 210,716            | 4,838                               | 14,978              | 10,859              | 543,007             |
| <b>Total, September 30, 2017</b> | <b>\$ 236,912</b> | <b>\$ 119,850</b>                       | <b>\$ 236,291</b>  | <b>\$ 16,830</b>                    | <b>\$ 3,667,792</b> | <b>\$ 2,164,129</b> | <b>\$ 6,441,804</b> |

|                                |           | <b>Tralee</b> | <b>Carrickkittle and<br/>PG West</b> | <b>Silvermines</b> | <b>Ferbane and<br/>Kilkenny</b> | <b>Total</b>      |
|--------------------------------|-----------|---------------|--------------------------------------|--------------------|---------------------------------|-------------------|
| <b>Acquisition</b>             |           |               |                                      |                    |                                 |                   |
| Balance December 31, 2015      | \$        | 14,521        | \$ –                                 | \$ –               | \$ –                            | \$ 14,521         |
| Additions                      |           | –             | 39,522                               | 16,057             | 7,233                           | 62,812            |
| Balance, December 31, 2016     |           | 14,521        | 39,522                               | 16,057             | 7,233                           | 77,333            |
| <b>Expenditures</b>            |           |               |                                      |                    |                                 |                   |
| Balance December 31, 2015      |           | –             | –                                    | –                  | –                               | –                 |
| Assays                         |           | 1,359         | –                                    | –                  | –                               | 1,359             |
| Data compilation               |           | 16,690        | 8,359                                | 11,558             | –                               | 36,607            |
| Drilling                       |           | –             | –                                    | 52,891             | –                               | 52,891            |
| Equipment                      |           | –             | –                                    | 1,296              | –                               | 1,296             |
| Fieldwork                      |           | 1,600         | –                                    | –                  | –                               | 1,600             |
| Geology consulting             |           | 20,241        | –                                    | 288                | –                               | 20,529            |
| Geological surveys             |           | 7,308         | –                                    | –                  | –                               | 7,308             |
| Sampling supplies              |           | –             | –                                    | 331                | –                               | 331               |
| Technical supervision          |           | –             | 852                                  | –                  | –                               | 852               |
| Balance, December 31, 2016     |           | 47,198        | 9,211                                | 66,364             | –                               | 122,773           |
| <b>Total December 31, 2016</b> | <b>\$</b> | <b>61,719</b> | <b>\$ 48,733</b>                     | <b>\$ 82,421</b>   | <b>\$ 7,233</b>                 | <b>\$ 200,106</b> |

## 9. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

|                                                 | <b>September 30,<br/>2017</b> | <b>December 31,<br/>2016</b> |
|-------------------------------------------------|-------------------------------|------------------------------|
| Accounts payable                                | \$ 158,068                    | \$ 170,832                   |
| Accrued liabilities                             | 302,045                       | 32,439                       |
| <b>Accounts payable and accrued liabilities</b> | <b>\$ 460,113</b>             | <b>\$ 203,271</b>            |

## 10. SHARE CAPITAL

### (a) Share capital

**Authorized:** an unlimited number of common shares with no par value.

**Issued:** 44,694,177 common shares.

The Company issued the following shares in the nine months ended September 30, 2017:

- On January 20, 2017, 421,889 common shares were issued at a cash price of \$0.21 (€0.15 equivalent) per share for gross proceeds of \$90,148.
- On February 6, 2017, 118,412 common shares were issued at a cash price of \$0.21 (€0.15 equivalent) per share for gross proceeds of \$25,000.
- From June 12 to 15, 2017, 9,480,670 common shares were issued at a cash price of \$0.30 per share for gross proceeds of \$2,844,201.
- On June 22, 2017, 3,300,868 common shares were issued at a cash price of \$0.30 per share for gross proceeds of \$990,260.
- On June 30, 2017, 3,333,333 common shares were issued at a value of \$0.30 per share in consideration for the purchase of Ballinalack (note 4).
- On August 31, 2017, 2,062,500 common shares were issued at a cash price of \$0.40 per share for gross proceeds of \$825,000.
- On September 6, 2017, 262,500 common shares were issued at a cash price of \$0.40 per share for gross proceeds of \$105,000. An additional 1,000,000 common shares were issued towards an obligation to issue shares of \$300,000 in relation to services provided pursuant to an advisory agreement (Note 14).
- From September 11 to 26, 2017, 675,000 common shares were issued at a cash price of \$0.40 per share for gross proceeds of \$270,000. The Company paid finder's fees of 6% on \$175,000, payable in shares (26,250) of the



Company based on an issue price of \$0.40 per share.

*(b) Stock options*

The Company has a stock option plan that authorizes the Board of Directors to grant options to directors, officers, employees and consultants. The exercise period of each option will be determined by the board of directors at the date of grant based on pricing received in recently completed financings. Options granted will have a term not to exceed seven years and are subject to vesting provisions as determined by the board of directors.

On February 22, 2017, the Company granted 200,000 incentive stock options with an exercise price of \$0.21 per share (€0.15 per share) for a one-year term ending February 22, 2018 with a weighted average fair value of \$0.04 per option. On June 8, 2017, the Company granted 300,000 incentive stock options with an exercise price of \$0.30 per share for a two-year term ending June 8, 2019 with a weighted average fair value of \$0.11 per option. On June 21, 2017, the Company granted an additional 300,000 incentive stock options with an exercise price of \$0.30 per share for a two-year term ending June 21, 2019 with a weighted average fair value of \$0.11 per option. On August 31, 2017, the Company granted 1,250,000 incentive stock options to MAG Silver Corp with an exercise price of \$0.40 per share for a two-year term ending August 31, 2019 with a weighted average fair value of \$0.14 per option.

Total share-based payments expense recognized for options granted and vested during the period was \$259,484 (2016 - \$Nil). At September 30, 2017, the Company had options for the acquisition of up to 7,932,950 common shares outstanding to strategic investors, directors, officers, consultants, and advisors as outlined below:

| <b>Outstanding Options</b> |               |                                        |                            |
|----------------------------|---------------|----------------------------------------|----------------------------|
| <b>Exercise Price</b>      | <b>Number</b> | <b>Weighted Average Remaining Term</b> | <b>Exercisable Options</b> |
| \$0.03                     | 1,300,000     | 1.12                                   | 1,300,000                  |
| \$0.03                     | 1,000,000     | 4.12                                   | 333,333                    |
| \$0.22                     | 3,382,950     | 1.09                                   | 3,382,950                  |
| \$0.21                     | 200,000       | 1.17                                   | 200,000                    |
| \$0.21                     | 200,000       | 0.40                                   | 200,000                    |
| \$0.30                     | 300,000       | 1.69                                   | 300,000                    |
| \$0.30                     | 300,000       | 1.72                                   | 300,000                    |
| \$0.40                     | 1,250,000     | 1.92                                   | 1,250,000                  |
|                            | 7,932,950     | 1.64                                   | 7,266,283                  |

Stock option transactions and the number of stock options outstanding are summarized as follows. No stock options were exercised or expired during the period.

|                             | <b>NUMBER OF STOCK<br/>OPTIONS</b> | <b>WEIGHTED AVERAGE<br/>EXERCISE PRICE</b> |
|-----------------------------|------------------------------------|--------------------------------------------|
| Balance, December 31, 2015  | 2,300,000                          | \$ 0.03                                    |
| Stock options granted       | 3,582,950                          | 0.22                                       |
| Balance, December 31, 2016  | 5,882,950                          | 0.15                                       |
| Stock options granted       | 2,050,000                          | 0.35                                       |
| Balance, September 30, 2017 | 7,932,950                          | \$ 0.20                                    |

The fair value of stock options granted were estimated using the black-scholes option pricing model with the following weighted average assumptions:

|                                 | <b>September 30, 2017</b> | <b>September 30, 2016</b> |
|---------------------------------|---------------------------|---------------------------|
| Risk free interest rate         | 0%                        | —                         |
| Expected life of options        | 1 – 2 Years               | —                         |
| Expected dividend yield         | Nil                       | —                         |
| Expected stock price volatility | 51 – 65%                  | —                         |

## 11. FINANCIAL RISK MANAGEMENT

The Company is exposed to a variety of risks related to financial instruments. The Board approves and monitors the risk management processes. The principal types of risk exposure and the way in which they are managed are as follows:

### *Liquidity Risk*

Liquidity risk is the risk that the Company will not be able to meet its financial obligations when they become due. As at September 30, 2017 the Company had working capital of \$542,658 (December 31, 2016 - \$1,515,053). Management believes that the Company has sufficient financial resources to meet its obligations as they come due.

### Foreign exchange risk

The Company's functional currency is the Canadian dollar. There is a foreign exchange risk to the Company as its exploration and evaluation property interests and resulting future commitments are located in Ireland. The Euro translation rate has experienced volatility over the last several years as a result of monetary policies adopted by the European Central Bank. Management monitors its foreign currency balances and makes adjustments based on anticipated need for currencies. The Company has a policy of not engaging in hedging activities to address this foreign currency risk. At September 30, 2017, the Company had Euro denominated current assets of €537,639 (December 31, 2016 - €1,212,734) and Euro denominated current liabilities, excluding intercompany balances, of €190,236 (December 31, 2016 - €143,462). Accordingly, a 10% change in the foreign exchange rate would result in a \$51,215 credit or charge to operations.

### Interest rate risk

Interest rate risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate due to changes in market interest rates. The Company is currently not exposed to any interest rate risk as cash and cash equivalents are held in a non-interest bearing account and the Company does not hold any interest bearing liabilities.

### Commodity price risk

While the value of the Company's exploration and evaluation assets is related to the price of zinc and other minerals, the Company currently does not have any operating mines and hence does not have any hedging or other commodity based risks with respect to its operational activities. Zinc and other mineral prices have historically fluctuated widely and are affected by numerous factors outside of the Company's control, including, but not limited to, the perception of market participants about the price and future price prospects for zinc, changes in manufacturing and construction activity as well as other industrial demands, levels of worldwide production, and forward sales by producers and speculators.

### Fair value

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.

The fair value of the Company's other receivables and accounts payable and accrued liabilities approximates their carrying value because of the short-term nature of the financial instruments. The Company's cash and cash equivalents are measured at fair value using Level 1 inputs. For the periods presented, the Company only holds cash.

## 12. RELATED PARTY BALANCES AND TRANSACTIONS

The key management personnel include those persons having authority and responsibility for planning, directing, and controlling the activities of the Company as a whole. The Company has determined that key management personnel consist of executive and non-executive members of the Company's Board of Directors and corporate officers.

Their remuneration includes the following:

|                                                  | For the Nine Months Ended September 30, |                  |
|--------------------------------------------------|-----------------------------------------|------------------|
|                                                  | 2017                                    | 2016             |
| Management fees                                  | \$ 157,769                              | \$ 51,312        |
| Salaries and benefits                            | 78,886                                  | 21,631           |
| Professional fees                                | 26,181                                  | —                |
| Share-based payments                             | 18,808                                  | —                |
| Capitalized to exploration and evaluation assets | 56,468                                  | 21,631           |
| Advisory fee – Ballinalack transaction (Note 4)  | 150,000                                 | —                |
| Share issuance costs (Note 14)                   | 150,000                                 | —                |
| <b>Total</b>                                     | <b>\$ 638,112</b>                       | <b>\$ 94,574</b> |

At September 30, 2017, accounts payable and accrued liabilities include \$55,080 (December 31, 2016 – \$40,470) payable to directors and management of the Company.

## 13. CAPITAL MANAGEMENT

The Company's objective when managing capital is to safeguard the entity's ability to continue as a going concern. The Company monitors its adjusted capital which comprises all components of equity. The Company manages its capital structure

and makes adjustments to it in the light of changes in economic conditions and the risk characteristics of the underlying assets. To maintain or adjust the capital structure, the Company may issue common shares through private placements. The Company is not exposed to any externally imposed capital requirements. No changes were made to the Company's capital management practices during the nine months ended September 30, 2017.

#### **14. COMMITMENTS**

The Company entered into an advisory agreement with Highland Capital Advisors Inc. ("HCA"), a company controlled by a former director of the Company. In conjunction with this agreement the Company will issue 500,000 shares contingent on HCA directly originating a minimum of €500,000 in equity funding for the Company, cumulatively within a three-year period from November 10th, 2015. HCA will earn a second tranche of 500,000 shares if the Company concludes a significant strategic transaction, including merger and/or major asset acquisition, which arises directly from services provided by HCA.

During the period ended September 30, 2017, HCA directly originated the minimum equity funding and assisted in the closing of a significant strategic transaction (Note 4). The Company recorded an obligation to issue 1,000,000 common shares at a value of \$300,000 to HCA of which the first tranche has been recorded as share issuance costs and the second as an advisory fee related to the acquisition of Ballinalack. Each tranche of the shares was valued at \$150,000 using the share price of the most recent financing completed by the Company when the obligation was incurred. The shares were subsequently issued.

On October 6, 2017 the advisory agreement with HCA was terminated. No investment bonus payments were made or are payable under the agreement.

#### **15. SUBSEQUENT EVENTS**

The Company filed a prospectus offering for a minimum of 12,500,000 units for gross proceeds of \$5.0 million and a maximum of 25,000,000 units for gross proceeds of \$10.0 million at a price of \$0.40 per unit (the "Offering"). Each unit consists of one common share of the Company and one share purchase warrant. Each warrant entitles the holder to acquire one additional common share of the Company for \$0.60 per share on or before December 14, 2018.

The Company has agreed to pay the agents a cash commission equal to 6.0% of the gross proceeds from the sale of units under the Offering (the "Agents' Commission"), and to grant the agents non-transferable agents' warrants entitling the agents to purchase common shares of the Company equal to 6.0% of the units sold at a price of \$0.40 per share, on or before June 14, 2019. The Company has also agreed to pay the agents' expenses in connection with the Offering, including legal fees and disbursements and the agents' reasonable out-of-pocket expenses.

In conjunction with the filing and completion of the offering previously issued options to MAG Silver Corp. were converted to warrants and the term was extended such that the expiry dates were two years from the date of closing.

The Company received conditional approval from the TSX Venture Exchange on the listing of its common shares on the TSX-V.

Schedule “A”  
to the Prospectus of Group Eleven Resources Corp. dated December 4, 2017

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ITEM 1: THE AUDIT COMMITTEE’S CHARTER

PURPOSE

The overall purpose of the Audit Committee (the “**Committee**”) of Group Eleven Resources Corp. (the “**Company**”) is to ensure that the Company’s management has designed and implemented an effective system of internal financial controls, to review and report on the integrity of the financial statements and related financial disclosure of the Company, and to review the Company’s compliance with regulatory and statutory requirements as they relate to financial statements, taxation matters and disclosure of financial information. It is the intention of the Board that through the involvement of the Committee, the external audit will be conducted independently of the Company’s Management to ensure that the independent auditors serve the interests of Shareholders rather than the interests of Management of the Company. The Committee will act as a liaison to provide better communication between the Board and the external auditors. The Committee will monitor the independence and performance of the Company’s independent auditors.

COMPOSITION, PROCEDURES AND ORGANIZATION

1. The Committee shall consist of at least three members of the Board of Directors (the “**Board**”).
2. At least two (2) members of the Committee shall be independent and the Committee shall endeavour to appoint a majority of independent directors to the Committee, who in the opinion of the Board, would be free from a relationship which would interfere with the exercise of the Committee members’ independent judgment. At least one (1) member of the Committee shall have accounting or related financial management expertise. All members of the Committee that are not financially literate will work towards becoming financially literate to obtain a working familiarity with basic finance and accounting practices applicable to the Company. For the purposes of this Charter, an individual is financially literate if he or she has the ability to read and understand a set of financial statements that present a breadth and level of complexity of accounting issues that are generally comparable to the breadth and complexity of the issues that can reasonably be expected to be raised by the Company’s financial statements.
3. The Board, at its organizational meeting held in conjunction with each annual general meeting of the shareholders, shall appoint the members of the Committee for the ensuing year. The Board may at any time remove or replace any member of the Committee and may fill any vacancy in the Committee.
4. Unless the Board shall have appointed a chair of the Committee, the members of the Committee shall elect a chair and a secretary from among their number.
5. The quorum for meetings shall be a majority of the members of the Committee, present in person or by telephone or other telecommunication device that permits all persons participating in the meeting to speak and to hear each other.
6. The Committee shall have access to such officers and employees of the Company and to the Company’s external auditors, and to such information respecting the Company, as it considers to be necessary or advisable in order to perform its duties and responsibilities.
7. Meetings of the Committee shall be conducted as follows:
  - (a) the Committee shall meet at least four times annually at such times and at such locations as may be requested by the chair of the Committee. The external auditors or any member of the Committee may request a meeting of the Committee;
  - (b) the external auditors shall receive notice of and have the right to attend all meetings of the Committee; and
  - (c) management representatives may be invited to attend all meetings except private sessions with the external auditors.
8. The internal auditors and the external auditors shall have a direct line of communication to the Committee through its chair and may bypass management if deemed necessary. The Committee, through its chair, may

contact directly any employee in the Company as it deems necessary, and any employee may bring before the Committee any matter involving questionable, illegal or improper financial practices or transactions.

#### ROLES AND RESPONSIBILITIES

9. The overall duties and responsibilities of the Committee shall be as follows:
  - (a) to assist the Board in the discharge of its responsibilities relating to the Company's accounting principles, reporting practices and internal controls and its approval of the Company's annual and quarterly financial statements and related financial disclosure;
  - (b) to establish and maintain a direct line of communication with the Company's internal and external auditors and assess their performance;
  - (c) to ensure that the management of the Company has designed, implemented and is maintaining an effective system of internal financial controls; and
  - (d) to report regularly to the Board on the fulfillment of its duties and responsibilities.
10. The duties and responsibilities of the Committee as they relate to the external auditors shall be as follows:
  - (a) to recommend to the Board a firm of external auditors to be engaged by the Company, and to verify the independence of such external auditors;
  - (b) to review and approve the fee, scope and timing of the audit and other related services rendered by the external auditors;
  - (c) review the audit plan of the external auditors prior to the commencement of the audit;
  - (d) to review with the external auditors, upon completion of their audit:
    - (i) be non-audit services provided by the external auditors;
    - (ii) to discuss with the external auditors the quality and not just the acceptability of the Company's accounting principles; and
    - (iii) to implement structures and procedures to ensure that the Committee meets the external auditors on a regular basis in the absence of management.
11. The duties and responsibilities of the Committee as they relate to the internal control procedures of the Company are to:
  - (a) review the appropriateness and effectiveness of the Company's policies and business practices which impact on the financial integrity of the Company, including those relating to internal auditing, insurance, accounting, information services and systems and financial controls, management reporting and risk management;
  - (b) review compliance under the Company's business conduct and ethics policies and to periodically review these policies and recommend to the Board changes which the Committee may deem appropriate;
  - (c) review any unresolved issues between management and the external auditors that could affect the financial reporting or internal controls of the Company; and
  - (d) periodically review the Company's financial and auditing procedures and the extent to which recommendations made by the internal audit staff or by the external auditors have been implemented.
12. The Committee is also charged with the responsibility to:
  - (a) review the Company's quarterly statements of earnings, including the impact of unusual items and changes in accounting principles and estimates and report to the Board with respect thereto;
  - (b) review and approve the financial sections of:
    - (i) the annual report to Shareholders;
    - (ii) the annual information form, if required;
    - (iii) annual and interim MD&A;

- (iv) prospectuses;
  - (v) news releases discussing financial results of the Company; and
  - (vi) other public reports of a financial nature requiring approval by the Board,
  - (vii) and report to the Board with respect thereto;
  - (c) review regulatory filings and decisions as they relate to the Company's financial statements;
  - (d) review the appropriateness of the policies and procedures used in the preparation of the Company's financial statements and other required disclosure documents, and consider recommendations for any material change to such policies;
  - (e) review and report on the integrity of the Company's financial statements;
  - (f) review the minutes of any audit committee meeting of subsidiary companies;
  - (g) review with management, the external auditors and, if necessary, with legal counsel, any litigation, claim or other contingency, including tax assessments that could have a material effect upon the financial position or operating results of the Company and the manner in which such matters have been disclosed in the financial statements;
  - (h) review the Company's compliance with regulatory and statutory requirements as they relate to financial statements, tax matters and disclosure of financial information; and
  - (i) develop a calendar of activities to be undertaken by the Committee for each ensuing year and to submit the calendar in the appropriate format to the Board of Directors following each annual general meeting of shareholders.
13. The Committee shall have the authority:
- (a) to engage independent counsel and other advisors as it determines necessary to carry out its duties,
  - (b) to set and pay the compensation for any advisors employed by the Committee; and
  - (c) to communicate directly with the internal and external auditors.

#### ITEM 2: COMPOSITION OF THE AUDIT COMMITTEE

The current members of the Committee are Alessandro Bitelli, Brendan Cahill and Daniel MacInnis. All of the members are financially literate and all are independent. "Independent" and "financially literate" have the meaning used in Multilateral Instrument 52-110 (the "**Instrument**") of the Canadian Securities Administrators.

#### ITEM 3: RELEVANT EDUCATION AND EXPERIENCE

The relevant education and/or experience of each member of the Committee is as follows:

- Mr. Bitelli is the Executive Vice President and Chief Financial Officer of Lundin Gold Inc. (a reporting issuer).
- Mr. Cahill is the President and Chief Executive Officer of Excellon Resources Inc. (a reporting issuer) and is a member of the Law Society of Upper Canada.
- Mr. MacInnis was formerly the President and Chief Executive Officer of MAG Silver Corp. (a reporting issuer).

#### ITEM 4: AUDIT COMMITTEE OVERSIGHT

At no time since the commencement of the Company's most recently completed financial year was a recommendation of the Committee to nominate or compensate an external auditor (currently, Davidson and Company LLP, Chartered Accountants) not adopted by the Board.

#### ITEM 5: RELIANCE ON CERTAIN EXEMPTIONS

Since the effective date of NI 52-110, the Company has not relied on the exemptions contained in sections 2.4, 6.1.1(4), (5) and (6), or 8 of the Instrument. Section 2.4 provides an exemption from the requirement that the audit committee must pre-approve all non-audit services to be provided by the auditor, where the total amount of fees related to the non-audit services are not expected to exceed 5% of the total fees payable to the auditor in the fiscal

year in which the non-audit services were provided. Section 8 permits a company to apply to a securities regulatory authority for an exemption from the requirements of NI 52-110, in whole or in part.

#### ITEM 6: PRE-APPROVAL POLICIES AND PROCEDURES

Formal policies and procedures for the engagement of non-audit services have yet to formulated and adopted. Subject to the requirements of the Instrument, the engagement of non-audit services is considered by the Board, and where applicable by the Audit Committee, on a case by case basis.

#### ITEM 7: EXTERNAL AUDITOR SERVICE FEES (BY CATEGORY)

The aggregate fees charged to the Company by the external auditor the last fiscal year is as follows:

| <u>For the period ended</u>                                                                    | <u>December 31, 2016(1)</u> |
|------------------------------------------------------------------------------------------------|-----------------------------|
| Audit Costs including Audit Fees and Tax Fees<br>(T2 Corporate Tax Returns for the year ended) | \$10,000                    |
| All other fees (non-tax)                                                                       | Nil                         |
| Total Fees:                                                                                    | \$10,000                    |

Note:

- (1) Includes audit for the fiscal year ended December 31, 2016 and the comparative period from incorporation to December 31, 2015.

#### ITEM 8: EXEMPTION

In respect of the most recently completed financial year, the Company is relying on the exemption set out in section 6.1 of the Instrument with respect to compliance with the requirements of Part 3 (Composition of the Audit Committee) and Part 5 (Reporting Obligations) of the Instrument.

Schedule “B”  
to the Prospectus of Group Eleven Resources Corp. (the “Company”) dated December 4, 2017

Pursuant to National Instrument 58-101 *Disclosure of Corporate Governance Practices* the Company is required to and hereby discloses its corporate governance practices as follows.

ITEM 1. BOARD OF DIRECTORS

The board of directors (the “Board”) of the Company facilitates its exercise of independent supervision over the Company’s management through frequent meetings of the Board. The Board reviews its procedures on an ongoing basis to ensure it is functioning independently of management. As circumstances require, the Board meets without management present, and convenes meetings, as deemed necessary, of the independent directors, at which meetings non-independent directors and members of management are not in attendance. When conflicts arise, interested parties are precluded from voting on matters in which they may have an interest.

Bart Jaworski is Chief Executive Officer of the Company and is therefore not independent. All of the other directors are independent.

ITEM 2. DIRECTORSHIPS

The directors of the Company are currently directors of the following other reporting issuers:

| <u>Name of Director</u> | <u>Name of Reporting Issuer</u>           |
|-------------------------|-------------------------------------------|
| Alessandro Bitelli      | Filo Mining Corp.                         |
| Brendan Cahill          | Excellon Resources Inc.                   |
| Daniel MacInnis         | MAG Silver Corp., Balmoral Resources Ltd. |

ITEM 3. ORIENTATION AND CONTINUING EDUCATION

The Board briefs all new directors with the policies of the Board, and other relevant corporate and business information.

ITEM 4. ETHICAL BUSINESS CONDUCT

The Board has found that the fiduciary duties placed on individual directors by the Company’s governing corporate legislation and the common law and the restrictions placed by applicable corporate legislation on an individual director’s participation in decisions of the Board in which the director has an interest have been sufficient to ensure that the Board operates independently of management and in the best interests of the Company.

Under the corporate legislation, a director is required to act honestly and in good faith with a view to the best interests of the Company and exercise the care, diligence and skill that a reasonably prudent person would exercise in comparable circumstances, and disclose to the board the nature and extent of any interest of the director in any material contract or material transaction, whether made or proposed, if the director is a party to the contract or transaction, is a director or officer (or an individual acting in a similar capacity) of a party to the contract or transaction or has a material interest in a party to the contract or transaction. The director must then abstain from voting on the contract or transaction unless the contract or transaction (i) relates primarily to their remuneration as a director, officer, employee or Agents of the Company or an affiliate of the Company, (ii) is for indemnity or insurance for the benefit of the director in connection with the Company, or (iii) is with an affiliate of the Company. If the director abstains from voting after disclosure of their interest, the directors approve the contract or transaction and the contract or transaction was reasonable and fair to the Company at the time it was entered into, the contract or transaction is not invalid and the director is not accountable to the Company for any profit realized from the contract or transaction. Otherwise, the director must have acted honestly and in good faith, the contract or transaction must have been reasonable and fair to the Company and the contract or transaction be approved by the shareholders by a special resolution after receiving full disclosure of its terms in order for the director to avoid such liability or the contract or transaction being invalid.



#### ITEM 5. NOMINATION OF DIRECTORS

The Board is responsible for identifying individuals qualified to become new Board members and recommending to the Board new director nominees for the next annual meeting the shareholders.

New nominees must have a track record in general business management, special expertise in an area of strategic interest to the Company, the ability to devote the time required, shown support for the Company's mission and strategic objectives, and a willingness to serve.

#### ITEM 6. COMPENSATION

The Board conducts reviews with regard to directors' compensation once a year. To make its recommendation on directors' compensation, the Board takes into account the types of compensation and the amounts paid to directors of comparable publicly traded Canadian companies.

#### ITEM 7. OTHER BOARD COMMITTEES

The Board has no other committees other than the audit committee.

#### ITEM 8. ASSESSMENTS

On an ongoing basis, the Board monitors the adequacy of information given to directors, communication between the board and management and the strategic direction and processes of the board and committees. On an ongoing annual basis, the Board assesses the performance of the Board as a whole, each of the individual directors and each committee of the Board in order to satisfy itself that each is functioning effectively.

**CERTIFICATE OF GROUP ELEVEN RESOURCES CORP.**

Dated: December 4, 2017

This Prospectus constitutes full, true and plain disclosure of all material facts relating to the securities offered by this Prospectus as required by the securities legislation of British Columbia, Alberta, and Ontario.

(signed) "*Bart Jaworski*"  
Bart Jaworski  
Chief Executive Officer

(signed) "*Shaun Heinrichs*"  
Shaun Heinrichs  
Chief Financial Officer

**ON BEHALF OF THE BOARD OF DIRECTORS**

(signed) "*Alessandro Bitelli*"  
Alessandro Bitelli  
Director

(signed) "*Brendan Cahill*"  
Brendan Cahill  
Director

**CERTIFICATE OF PROMOTER**

Dated: December 4, 2017

This Prospectus constitutes full, true and plain disclosure of all material facts relating to the securities offered by this Prospectus as required by the securities legislation of British Columbia, Alberta, and Ontario.

PROMOTER

(signed) "*Bart Jaworski*"

Bart Jaworski

(signed) "*John Barry*"

John Barry

(signed) "*David Furlong*"

David Furlong

**CERTIFICATE OF THE AGENTS**

Dated: December 4, 2017

To the best of our knowledge, information and belief, this Prospectus constitutes full, true and plain disclosure of all material facts relating to the securities offered by this Prospectus as required by the securities legislation of British Columbia, Alberta, and Ontario.

PI FINANCIAL CORP.

By: (signed) "*Tim Graham*"  
Tim Graham  
Director, Investment Banking

CORMARK SECURITIES INC.

By: (signed) "*David Sadowski*"  
David Sadowski  
Managing Director, Investment Banking

SPROTT PRIVATE WEALTH LP

By: (signed) "*Tim Sorensen*"  
Tim Sorensen  
Director