

EARLY WARNING REPORT

Form 62-103F1

Filed pursuant to National Instrument 62-103

Item 1 – Security and Reporting Issuer

1.1 State the designation of securities to which this report relates and the name and address of the head office of the issuer of the securities.

This report relates to common shares of Outcrop Silver & Gold Corporation ("OCG" or the "Issuer").

The Issuer's address is:

905-1111 West Hastings Street
Vancouver, British Columbia
V6E 2J3

1.2 State the name of the market in which the transaction or other occurrence that triggered the requirement to file this report took place.

TSX Venture Exchange (the "TSXV")

Item 2 – Identity of the Acquiror

2.1 State the name and address of the acquiror.

Ian Slater
905-1111 West Hastings Street
Vancouver, British Columbia
V6E 2J3

2.2 State the date of the transaction or other occurrence that triggered the requirement to file this report and briefly describe the transaction or other occurrence.

On November 21, 2023, Zacapa Resources Ltd. and 1433180 B.C. Ltd. ("Subco") amalgamated under the *Business Corporations Act* (British Columbia) to form Outcrop US Limited, a wholly-owned subsidiary of Outcrop and all of the Zacapa Resources Ltd. Shares issued and outstanding immediately prior to the completion of the Transaction were exchanged for common shares in the capital of Outcrop ("Outcrop Shares") on a four-for-one basis (the "Transaction"). All warrants ("ZACA Warrants") and options ("ZACA Options") of Zacapa Resources Ltd. issued and outstanding immediately prior to the completion of the Transaction were exchanged for equivalent warrants ("Outcrop

Warrants) and options (**“Outcrop Options”**) of Outcrop, and DSUs (**“Outcrop DSUs”**), respectively, on a four-for-one basis, and immediately cancelled. Pursuant to the Transaction, Outcrop issued:

- a total of 30,017,474 Outcrop Shares to the former holders of Zacapa Resources Ltd. shares;
- a total of 7,727,630 Outcrop Warrants to the former holders of Zacapa Resources Ltd. Warrants, with each Outcrop Warrant exercisable to purchase one Outcrop Share at a price ranging from \$0.30 to \$2.72 until expiry dates ranging from June 21, 2024 to July 7, 2026; and
- a total of 2,537,500 Outcrop Options to the former holders of Zacapa Resources Ltd. Options, with each Outcrop Option exercisable to purchase one Outcrop Share, at exercise prices ranging from \$0.20 to \$2.80 and expiry dates ranging from January 26, 2027 to July 18, 2028, subject to the share based compensation plan of Outcrop.
- A total of 75,000 Outcrop DSUs to two independent directors.

Outcrop US Limited issued one (1) common share in the capital of Outcrop US Limited to Outcrop upon completion of the Transaction, representing 100% of Outcrop US Limited's issued and outstanding shares.

2.3 State the names of any joint actors.

Not applicable.

Item 3 – Interest in Securities of the Reporting Issuer

3.1 State the designation and number or principal amount of securities acquired or disposed of that triggered the requirement to file this report and the change in the acquiror's securityholding percentage in the class of securities.

As a result of the Transaction, Ian Slater exercises control or direction over less than 10% of the common shares of Outcrop.

Immediately prior to Closing, Mr. Ian Slater beneficially held 20,000,000 Outcrop Shares and 3,100,000 Outcrop Options, representing approximately 9.1% of the issued and outstanding Outcrop Shares on a non-diluted basis and 10.4% of the issued and outstanding Outcrop Shares on a partially diluted basis assuming exercise of the Outcrop Options. Upon Closing, Mr. Slater holds 24,485,000 Outcrop Shares, 2,362,777 Outcrop Warrants, and 3,800,000 Outcrop Options, representing approximately 9.8% of the issued and outstanding Outcrop Shares on a non-diluted basis and 12% of the issued and outstanding Outcrop Shares on a partially diluted basis assuming exercise of the Outcrop Warrants and Outcrop Options.

The Outcrop Shares and Outcrop Warrants were acquired by Mr. Slater for investment purposes and with a long-term view of the investment. Mr. Slater may acquire additional

securities of Outcrop either on the open market or through private acquisitions or sell securities of Outcrop either on the open market or through private dispositions in the future, depending on market conditions, reformulation of plans and/or other relevant factors.

3.2 State whether the acquiror acquired or disposed ownership of, or acquired or ceased to have control over, the securities that triggered the requirement to file this report.

As a result of the Transaction, Ian Slater exercises control or direction over less than 10% of the common shares of Outcrop which triggered the requirement to file this report.

3.3 If the transaction involved a securities lending arrangement, state that fact.

Not applicable.

3.4 State the designation and number or principal amount of securities and the acquiror's securityholding percentage in the class of securities, immediately before and after the transaction or other occurrence that triggered the requirement to file this report.

Immediately prior to Closing, Mr. Ian Slater beneficially held 20,000,000 Outcrop Shares and 3,100,000 Outcrop Options, representing approximately 9.1% of the issued and outstanding Outcrop Shares on a non-diluted basis and 10.4% of the issued and outstanding Outcrop Shares on a partially diluted basis assuming exercise of the Outcrop Options. Upon Closing, Mr. Slater holds 24,485,000 Outcrop Shares, 2,362,777 Outcrop Warrants, and 3,800,000 Outcrop Options, representing approximately 9.8% of the issued and outstanding Outcrop Shares on a non-diluted basis and 12% of the issued and outstanding Outcrop Shares on a partially diluted basis assuming exercise of the Outcrop Warrants and Outcrop Options.

3.5 State the designation and number or principal amount of securities and the acquiror's securityholding percentage in the class of securities referred to in Item 3.4 over which

(a) the acquiror, either alone or together with any joint actors, has ownership and control,

Please see Item 3.4 above.

(b) the acquiror, either alone or together with any joint actors, has ownership but control is held by persons or companies other than the acquiror or any joint actor, and

Not applicable.

(c) the acquiror, either alone or together with any joint actors, has exclusive or shared control but does not have ownership.

Not applicable.

3.6 If the acquiror or any of its joint actors has an interest in, or right or obligation associated with, a related financial instrument involving a security of the class of securities in respect of which disclosure is required under this item, describe the material terms of the related financial instrument and its impact on the acquiror's securityholdings.

Not applicable.

3.7 If the acquiror or any of its joint actors is a party to a securities lending arrangement involving a security of the class of securities in respect of which disclosure is required under this item, describe the material terms of the arrangement including the duration of the arrangement, the number or principal amount of securities involved and any right to recall the securities or identical securities that have been transferred or lent under the arrangement.

Not applicable.

State if the securities lending arrangement is subject to the exception provided in section 5.7 of NI 62-104.

Not applicable.

3.8 If the acquiror or any of its joint actors is a party to an agreement, arrangement or understanding that has the effect of altering, directly or indirectly, the acquiror's economic exposure to the security of the class of securities to which this report relates, describe the material terms of the agreement, arrangement or understanding.

Not applicable.

Item 4 – Consideration Paid

4.1 State the value, in Canadian dollars, of any consideration paid or received per security and in total.

All of the Zacapa Resources Ltd. shares issued and outstanding immediately prior to the completion of the Transaction were exchanged for common shares in the capital of Outcrop on a four-for-one basis. All warrants and options of Zacapa Resources Ltd. issued and outstanding immediately prior to the completion of the Transaction were exchanged for equivalent warrants and options of Outcrop, and DSUs respectively, on a four-for-one basis, and immediately cancelled. As consideration pursuant to the Transaction, Outcrop issued:

- a total of 30,017,474 Outcrop Shares with a value of CAD\$6,003,494 to the former holders of Zacapa Resources Ltd. Shares;
- a total of 7,727,630 Outcrop Warrants to the former holders of Zacapa Resources Ltd. Warrants, with each Outcrop Warrant exercisable to purchase one Outcrop Share at a price ranging from \$0.30 to \$2.72 until expiry dates ranging from June 21, 2024 to July 7, 2026; and
- a total of 2,537,500 Outcrop Options to the former holders of Zacapa Resources Ltd. Options, with each Outcrop Option exercisable to purchase one Outcrop Share, at exercise prices ranging from \$0.20 to \$2.80 and expiry dates ranging from January 26, 2027 to July 18, 2028, subject to the share based compensation plan of Outcrop.

4.2 In the case of a transaction or other occurrence that did not take place on a stock exchange or other market that represents a published market for the securities, including an issuance from treasury, disclose the nature and value, in Canadian dollars, of the consideration paid or received by the acquiror.

See Item 4.1 above.

4.3 If the securities were acquired or disposed of other than by purchase or sale, describe the method of acquisition or disposition.

The securities were acquired by way of three-cornered amalgamation under the *Business Corporations Act* (British Columbia).

Item 5 – Purpose of the Transaction

State the purpose or purposes of the acquiror and any joint actors for the acquisition or disposition of securities of the reporting issuer. Describe any plans or future intentions which the acquiror and any joint actors may have which relate to or would result in any of the following:

- (a) **the acquisition of additional securities of the reporting issuer, or the disposition of securities of the reporting issuer;**

- (b) a corporate transaction, such as a merger, reorganization or liquidation, involving the reporting issuer or any of its subsidiaries;**
- (c) a sale or transfer of a material amount of the assets of the reporting issuer or any of its subsidiaries;**
- (d) a change in the board of directors or management of the reporting issuer, including any plans or intentions to change the number or term of directors or to fill any existing vacancy on the board;**
- (e) a material change in the present capitalization or dividend policy of the reporting issuer;**
- (f) a material change in the reporting issuer's business or corporate structure;**
- (g) a change in the reporting issuer's charter, bylaws or similar instruments or another action which might impede the acquisition of control of the reporting issuer by any person or company;**
- (h) a class of securities of the reporting issuer being delisted from, or ceasing to be authorized to be quoted on, a marketplace;**
- (i) the issuer ceasing to be a reporting issuer in any jurisdiction of Canada;**
- (j) a solicitation of proxies from securityholders;**
- (k) an action similar to any of those enumerated above.**

The purpose of the Transaction was for Outcrop to acquire 100% of the Zacapa Resources Ltd. Shares.

Item 6 – Agreements, Arrangements, Commitments or Understandings With Respect to Securities of the Reporting Issuer

Describe the material terms of any agreements, arrangements, commitments or understandings between the acquiror and a joint actor and among those persons and any person with respect to securities of the class of securities to which this report relates, including but not limited to the transfer or the voting of any of the securities, finder's fees, joint ventures, loan or option arrangements, guarantees of profits, division of profits or loss, or the giving or withholding of proxies. Include such information for any of the securities that are pledged or otherwise subject to a contingency, the occurrence of which would give another person voting power or investment power over such securities, except that

disclosure of standard default and similar provisions contained in loan agreements need not be included.

Not applicable.

Item 7 – Change in Material Fact

If applicable, describe any change in a material fact set out in a previous report filed by the acquiror under the early warning requirements or Part 4 in respect of the reporting issuer’s securities.

Not applicable.

Item 8 – Exemption

If the acquiror relies on an exemption from requirements in securities legislation applicable to formal bids for the transaction, state the exemption being relied on and describe the facts supporting that reliance.

Not applicable.

Item 9 – Certification

I, as the acquiror, certify, or I, as the agent filing this report on behalf of an acquiror, certify to the best of my knowledge, information and belief, that the statements made in this report are true and complete in every respect.

DATED as of the 21st day of November, 2023

IAN SLATER

By:

/Ian Slater/
