

*A copy of this preliminary short form base shelf prospectus has been filed with the securities regulatory authorities in each of the provinces of Alberta, British Columbia and Ontario, but has not yet become final for the purpose of the sale of securities. Information contained in this preliminary short form base shelf prospectus may not be complete and may have to be amended. The securities may not be sold until a receipt for the short form base shelf prospectus is obtained from the securities regulatory authorities.*

*This preliminary short form prospectus is a base shelf prospectus. This preliminary short form base shelf prospectus has been filed under legislation each of the provinces of Alberta, British Columbia and Ontario that permits certain information about these securities to be determined after this short form base shelf prospectus has become final and that permits the omission from this short form base shelf prospectus of that information. The legislation requires the delivery to purchasers of a prospectus supplement containing the omitted information within a specified period of time after agreeing to purchase any of these securities, except in cases where an exemption from such delivery requirements has been obtained.*

*No securities regulatory authority has expressed an opinion about these securities and it is an offence to claim otherwise. This short form base shelf 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.*

*Information contained herein is subject to completion or amendment. This prospectus shall not constitute an offer to sell or the solicitation of an offer to buy, nor shall there be any sale of securities in any jurisdiction in which such offer, solicitation or sale would be unlawful prior to registration or qualification under the securities laws of any such jurisdiction.*

**Information has been incorporated by reference in this short form base shelf prospectus from documents filed with the securities commissions or similar authorities in Canada. Copies of the documents incorporated herein by reference may be obtained on request without charge from the Corporate Secretary of Pan American Energy Corp. at Suite 100 - 521 3rd Avenue SW, Calgary, Alberta T2P 3T3, telephone 587-885-5970, and are also available electronically at [www.sedar.com](http://www.sedar.com).**

## PRELIMINARY SHORT FORM BASE SHELF PROSPECTUS

**New Issue and/or Secondary Offering**

**February 17, 2023**

**PAN AMERICAN ENERGY CORP.**



**\$50,000,000**

Common Shares  
Warrants  
Subscription Receipts  
Units  
Debt Securities  
Share Purchase Contracts

This preliminary short form base shelf prospectus (the "**Prospectus**") relates to the offering for sale from time to time, during the 25-month period that this Prospectus, including any amendments hereto, remains effective, of the securities of Pan American Energy Corp. (the "**Company**", "**PNRG**", "**we**" or "**our**") listed above in one or more series or issuances, with a total offering price of such securities, in the aggregate, of up to \$50,000,000 (or the equivalent thereof in one or more foreign currencies or composite currencies). The securities may be sold by the Company and/or certain of the Company's security holders ("**Selling Securityholders**" and, each, a "**Selling Securityholder**"). The securities may be offered separately or together, in amounts, at prices and on terms to be determined based on market conditions at the time of the sale and set forth in an accompanying prospectus supplement.

In addition, the securities may be offered and issued in consideration for the acquisition of other businesses, assets or securities by the Company or a subsidiary of the Company. The consideration for any such acquisition may consist of any of the securities separately, a combination of securities or any combination of, among other things, securities, cash and the assumption of liabilities.

The common shares of the Company (the "**Common Shares**") are listed on the Canadian Securities Exchange (the "**CSE**") under the symbol "PNRG", on the Börse Frankfurt (Frankfurt Stock Exchange) (the "**Frankfurt Exchange**") under the symbol "SS6" and on the OTC Pink by OTC Markets Group (the "**OTC Pink**") under the symbol "PAANF". On February 16, 2023, being the last complete trading day prior to the date hereof, the closing price of the Common Shares on the CSE was \$0.66, on the Frankfurt Exchange was €0.47 and on the OTC Pink was US\$0.48.

Unless otherwise specified in an applicable prospectus supplement, debt securities, subscription receipts, units, warrants and share purchase contracts will not be listed on any securities or stock exchange or on any automated dealer quotation system. **There is currently no market through which our securities, other than our Common Shares, may be sold and purchasers may not be able to resell such securities purchased under this Prospectus. This may affect the pricing of our securities, other than our Common Shares, in the secondary market, the transparency and availability of trading prices, the liquidity of our securities and the extent of issuer regulation. See "Risk Factors".**

**Acquiring our securities may subject you to tax consequences in Canada. This Prospectus or any applicable prospectus supplement may not describe these tax consequences fully. You should read the tax discussion in any applicable prospectus supplement with respect to any particular offering and consult your own tax advisor with respect to your own particular circumstances.**

**No underwriter has been involved in the preparation of this Prospectus or performed any review of the contents of this Prospectus.**

This Prospectus constitutes a public offering of the securities only in those jurisdictions where they may be lawfully offered for sale and only by persons permitted to sell the securities in such jurisdiction. All applicable information permitted under securities legislation to be omitted from this Prospectus that has been so omitted will be contained in one or more prospectus supplements that will be delivered to purchasers together with this Prospectus. Each prospectus supplement will be incorporated by reference into this Prospectus for the purposes of securities legislation as of the date of the prospectus supplement and only for the purposes of the distribution of the securities to which the prospectus supplement pertains. You should read this Prospectus and any applicable prospectus supplement carefully before you invest in any securities issued pursuant to this Prospectus. Our securities may be sold pursuant to this Prospectus through underwriters or dealers or directly or through agents designated from time to time at amounts and prices and other terms determined by the Company or any Selling Securityholder.

In connection with any underwritten offering of securities the underwriters may over-allot or effect transactions which stabilize or maintain the market price of the securities offered. Such transactions, if commenced, may be discontinued at any time. See "Plan of Distribution".

A prospectus supplement will set out the names of any underwriters, dealers or agents involved in the sale of our securities, the amounts, if any, to be purchased by such underwriters, dealers or agents, the plan of distribution for such securities, including the net proceeds the Company or any Selling Securityholder expects to receive from the sale of such securities, if any, the amounts and prices at which such securities are sold and the compensation of such underwriters, dealers or agents.

**Investment in the securities being offered is highly speculative and involves significant risks that you should consider before purchasing such securities. You should carefully review the risks outlined in this Prospectus (including any prospectus supplement) and in the documents incorporated by reference as well as the information under the heading "Cautionary Note Regarding Forward-Looking Statements" and consider such risks and information in connection with an investment in the securities. See "Risk Factors".**

The specific terms of the securities with respect to a particular offering will be set out in one or more prospectus supplements and may include, where applicable: (i) in the case of Common Shares, the number of Common Shares offered, the offering price and any other specific terms; (ii) in the case of warrants, the offering price, the designation, number and terms of the Common Shares or debt securities issuable upon exercise of the warrants, any procedures that will result in the adjustment of these numbers, the exercise price, dates and periods of exercise, the currency in which the warrants are issued and any other specific terms; (iii) in the case of subscription receipts, the number of subscription receipts being offered, the offering price, the procedures for the exchange of the subscription receipts for Common Shares, debt securities or warrants, as the case may be, and any other specific terms; (iv) in the case of debt securities, the specific designation, the aggregate principal amount, the currency or the currency unit for the debt securities being offered, the maturity, the interest provisions, the authorized denominations, the offering price, the covenants, the events of default, any terms for redemption or retraction, any exchange or conversion terms, whether the debt securities are secured, affiliate-guaranteed, senior or subordinated and any other terms specific to the debt securities being offered; (v) in the case of units, the designation, number and terms of the Common Shares, warrants, subscription receipts or debt securities comprising the units; and (vi) in the case of share purchase contracts, whether the share purchase contracts obligate the holder to purchase or sell or both purchase and sell Common Shares, whether the share purchase contracts are to be prepaid or not or paid in instalments, any conditions upon which the purchase or sale will be contingent and the consequences if such conditions are not satisfied, whether the share purchase contracts are to be settled by delivery, any provisions relating to the settlement of the share purchase contracts, the date or dates on which the sale or purchase must be made, whether the share purchase contracts will be issued in fully registered or global form and the material income tax consequences of owning, holding and disposing of the share purchase contracts. Where required by statute, regulation or policy, and where securities are offered in currencies other than Canadian dollars, appropriate disclosure of foreign exchange rates applicable to the securities will be included in the prospectus supplement describing the securities.

Investors should rely only on the information contained in or incorporated by reference into this Prospectus and any applicable prospectus supplement. We have not authorized anyone to provide investors with different information. Information contained on our website shall not be deemed to be a part of this Prospectus (including any applicable prospectus supplement) or incorporated by reference herein and should not be relied upon by prospective investors for the purpose of determining whether to invest in the securities. We will not make an offer of these securities in any jurisdiction where the offer or sale is not permitted. Investors should not assume that the information contained in this Prospectus is accurate as of any date other than the date on the face page of this Prospectus, the date of any applicable prospectus supplement or the date of any documents incorporated by reference herein.

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## ABOUT THIS PROSPECTUS

You should rely only on the information contained or incorporated by reference in this Prospectus and any applicable prospectus supplement. We have not authorized anyone to provide you with different or additional information. If anyone provides you with different or additional information, you should not rely on it. We are not making an offer to sell or seeking an offer to buy the securities offered pursuant to this Prospectus in any jurisdiction where the offer or sale is not permitted. You should assume that the information contained in this Prospectus and any applicable prospectus supplement is accurate only as of the date on the front of such document and that information contained in any document incorporated by reference is accurate only as of the date of that document, regardless of the time of delivery of this Prospectus or any applicable prospectus supplement or of any sale of our securities pursuant thereto. Our business, financial condition, results of operations and prospects may have changed since those dates.

Market data and certain industry forecasts used in this Prospectus and any applicable prospectus supplement, and the documents incorporated by reference in this Prospectus and any applicable prospectus supplement, were obtained from market research, publicly available information and industry publications. We believe that these sources are generally reliable, but the accuracy and completeness of this information is not guaranteed. We have not independently verified such information, and we do not make any representation as to the accuracy of such information.

In this Prospectus and any prospectus supplement, unless otherwise indicated, all dollar amounts and references to "\$" or "C\$" are to Canadian dollars, references to "US\$" are to United States dollars and references to "€" are to Euros. See "Currency Presentation and Exchange Rate Information".

In this Prospectus and in any prospectus supplement, unless the context otherwise requires, references to "we", "us", "our" or similar terms, as well as references to "PNRG" or the "Company", refer to Pan American Energy Corp. together, where context requires, with our subsidiaries.

## CAUTIONARY NOTE REGARDING FORWARD-LOOKING STATEMENTS

This Prospectus and the documents incorporated by reference herein contain "forward-looking information" within the meaning of applicable Canadian securities legislation ("**forward-looking statements**"). In some cases, forward-looking statements can be identified by words or phrases such as "may", "might", "will", "expect", "anticipate", "estimate", "intend", "plan", "indicate", "seek", "believe", "predict", "assume", "budget", "strategy", "scheduled", "forecast", "target" or "likely", or the negative forms of these terms, or other similar expressions (or variations of such words or phrases) or statements that certain actions, events or results "may", "could", "would", "might" or "will" be taken, occur or be achieved. In particular, forward-looking statements in this Prospectus (including the documents incorporated by reference herein) include, but are not limited to, statements with respect to: the Arrangement (as defined below), including the timing and nature thereof; future financial or operating performance of the Company; the Company's operating plans and strategies; planned exploration expenditures on the Green Energy Property (as defined below), the Big Mack Property (as defined below) and the Horizon Property (as defined below); the potential exercise of the options granted to the Company under the Big Mack Option Agreement (as defined below) and the Horizon Option Agreement (as defined below); the Company's plans regarding the Green Energy Property, the Big Mack Property and the Horizon Property; proposed exploration activities at the Green Energy Property, the Big Mack Property and the Horizon Property, the potential of such activities to establish mineral resources or mineral reserves at any of our properties and the timing and results of any future mineral reserve or mineral resource estimates undertaken at any of our properties; the anticipated timing, results, benefits, costs and parameters of other exploration and development plans; the future viability of the Green Energy Property, the Big Mack Property and the Horizon Property; the prospect of developing a mine at, or producing minerals from, the Green Energy Property, the Big Mack Property or the Horizon Property; the Company's planned activities at the Green Energy Property, the Big Mack Property and the Horizon Property; the potential acquisition of additional mineral properties or property concessions; the Company's ability to obtain and maintain licenses, permits and regulatory approvals required to implement the Company's proposed activities; the future impact of, and future delays and disruptions caused by, the novel coronavirus, contagious diseases or other global pandemics or epidemics; the Company's

requirements for additional capital, the adequacy of the Company's financial resources (and its ability to continue as a going concern) and the Company's ability to raise additional capital and/or pursue additional strategic options, including the potential impact on the Company's business, financial condition and results of operations of doing so or not; the intended use of proceeds from previously completed financings; and capital allocation plans. All statements other than statements of historical fact, included in this Prospectus, including, without limitation, statements regarding the future plans and objectives of the Company, predictions, expectations, beliefs, plans, projections, objectives, assumptions or future events are forward-looking statements.

These forward-looking statements are not historical facts and are not guarantees of future performance and involve assumptions, estimates and risks and uncertainties that are difficult to predict. Therefore, actual results may differ materially from what is expressed, implied or forecasted in such forward-looking statements. Forward-looking statements are based on the assumptions, beliefs, expectations and opinions of management on the date the statements are made concerning anticipated financial performance, business prospects, strategies, regulatory developments, development plans, exploration and development activities, commitments and future opportunities, many of which are difficult to predict and beyond our control. In connection with the forward-looking statements contained in this Prospectus (including the documents incorporated by reference herein), we have made certain assumptions about, among other things, the Arrangement, including that the Company will undertake the Arrangement on the timeline and pursuant to the structure currently contemplated; the Company's business operations, including that no significant event will occur outside the Company's normal course of business operations; the future impact of pandemics, endemics and epidemics; the demand for and future prices of metals and other commodities; the Company's financial resources and its ability to raise any necessary additional capital on reasonable terms; general business and economic conditions; the Company's ability to procure equipment and operating supplies in sufficient quantities and on a timely basis; the actual geology of the Green Energy Property aligning with the description of the Green Energy Property in the Green Energy Technical Report; the actual geology of the Big Mack Property aligning with the description of the Big Mack Property in the Big Mack Technical Report; the accuracy of budgeted exploration costs and expenditures; future currency exchange rates and interest rates; operating conditions being favourable such that the Company is able to operate in a safe, efficient and effective manner; the Company's ability to attract and retain skilled personnel and directors; political and regulatory stability; competitive conditions; market (including labour, financial and capital market) conditions in Canada and the United States of America; the timely receipt of governmental, regulatory and third-party approvals, licenses and permits on favourable terms; obtaining required renewals for existing approvals, licenses and permits on favourable terms and in a timely manner; stability in the requirements placed on the Company under applicable laws; sustained labour stability; availability of certain consumables and services; labour and materials costs; stability in financial and capital markets; results, costs and timing of future exploration and drilling programs; and our relationship with local groups. Although management considers those assumptions to be reasonable based on information currently available to them, these assumptions are subject to significant business, social, economic, political, regulatory, competitive and other risks and uncertainties, contingencies, and other factors that could cause actual performance, achievements, actions, events, results or conditions to be materially different from those projected in the forward-looking statements. The Company cautions that the foregoing list of assumptions is not exhaustive. Other events or circumstances could cause action results to differ materially from those estimated or projected and expressed in, or implied by, the forward-looking statements contained in this Prospectus (including the documents incorporated by reference herein).

Forward-looking statements involve known and unknown risks, uncertainties and other factors which may cause the actual results, actions, events, conditions, performance or achievements to be materially different from those expressed or implied by the forward-looking statements, including, without limitation, those related to: continuing as a going concern; ability to meet financial commitments in respect of the Big Mack Option Agreement, the Horizon Option Agreement and otherwise; exploration, development and operating risks; dependence on few mineral properties; the early stage status of the Company's mineral properties and the nature of exploration; fluctuations in commodity prices; the growth of the lithium market; fluctuations in currency rates; the dependence of the Company on its key personnel; conflicts of interest; the conflict in Ukraine and related geopolitical risks; information technology, including cyber security risks; minority interests, earn-in agreements, joint venture operations and similar arrangements; relationships with local

communities and Aboriginal Groups (as defined below); social and environmental activism; environmental laws, regulations and permitting requirements and environmental hazards; the application for and receipt of required permits and approvals; potential acquisitions and their integration with the Company's business; compliance with laws; the Company's requirements for additional capital; factors inherent in the exploration and development of mineral properties that are outside of the Company's control; title to mineral properties; adverse general economic conditions; the Arrangement; access to and the availability of adequate infrastructure; limits of insurance coverage and the occurrence of uninsurable risks; competitive conditions in the mineral exploration and mining businesses; human error; the influence of third party stakeholders; the growth of the Company; compliance with the *Canadian Extractive Sector Transparency Measures Act* (Canada); litigation or other proceedings; outbreaks of contagious diseases; operating in foreign jurisdictions; reliance on international advisors and consultants; expansion into other geographical areas; investment in the Common Shares (as defined below); the potential for dilution to holders of Common Shares; the volatility of the market price for the securities of mining companies and the market price for the Common Shares; the Company's discretion over the use of proceeds from financings; the Company's policy regarding the payment of dividends; the Company's inability to maintain the listing of the Common Shares on a stock exchange; certain securities that the Company may issue not being listed on a stock exchange; debt securities that the Company may issue being unsecured; the impact of changing interest rates on debt securities; the impact of foreign currency market fluctuations on debt securities; and the Company's compliance with evolving corporate governance and public disclosure regulations.

The factors identified above are not intended to represent a complete list of the risks and factors that could affect any of the forward-looking statements. Some of the important risks and factors that could affect forward-looking statements are discussed in the section entitled "*Risk Factors*" in this Prospectus. Although the Company has attempted to identify important factors that could cause actual results to differ materially from those contained in forward-looking statements, there may be other factors that cause results, actions, events, conditions, performance or achievements not to be as anticipated, estimated or intended. Forward-looking statements are not a guarantee of future performance. There can be no assurance that forward-looking statements will prove to be accurate, as actual results and future events could differ materially from those anticipated in such statements. Accordingly, readers should not place undue reliance on forward-looking statements.

Investors are cautioned not to put undue reliance on forward-looking statements. The forward-looking statements contained herein and in the documents incorporated herein by reference are made as of the date hereof or thereof (as applicable) and, accordingly, are subject to change after such date. The Company disclaims any intent or obligation to update publicly or otherwise revise any forward-looking statements or the foregoing list of assumptions or factors, whether as a result of new information, future events or otherwise, except in accordance with applicable securities laws.

## **DOCUMENTS INCORPORATED BY REFERENCE**

**Information has been incorporated by reference in this Prospectus from documents filed with the securities commissions or similar authorities in Canada.**

Copies of the documents incorporated herein by reference may be obtained on request without charge from the Corporate Secretary of the Company at Suite 100 – 521 3<sup>rd</sup> Avenue SW, Calgary, Alberta T2P 3T3 (Telephone 587-885-5970) or by accessing the disclosure documents through the Internet on the Canadian System for Electronic Document Analysis and Retrieval ("**SEDAR**") at [www.sedar.com](http://www.sedar.com).

The following documents, filed with the securities commissions or similar regulatory authorities in each of the provinces of Alberta, British Columbia and Ontario are specifically incorporated by reference into, and form an integral part of, this Prospectus:

- (a) the annual information form of the Company dated December 14, 2022 for the year ended April 30, 2022 (the "**AIF**"), filed on SEDAR on December 14, 2022;

- (b) the audited consolidated financial statements of the Company for the years ended April 30, 2022 and 2021, together with the notes thereto and the auditor's report thereon, filed on SEDAR on August 29, 2022;
- (c) the management's discussion and analysis of financial condition and results of operations of the Company for the year ended April 30, 2022, filed on SEDAR on August 29, 2022;
- (d) the condensed consolidated interim financial statements of the Company for the three and six months ended September 30, 2022 and 2021, together with the notes thereto, filed on SEDAR on November 22, 2022;
- (e) the management's discussion and analysis of financial condition and results of operations of the Company for the three and six months ended September 30, 2022 and 2021, filed on SEDAR on November 22, 2022;
- (f) the material change report of the Company dated August 23, 2022 in respect of the Company's entrance into a property option agreement with Magabra Resources Corporation ("**Magabra**") dated August 22, 2022 (the "**Big Mack Option Agreement**"), pursuant to which the Company was granted the right to acquire up to a 90% interest in and to the Big Mack Property, which consists of a single mining lease (LEA-107832) in the Paterson Lake Area located approximately 80 kilometres north of Kenora, Ontario, Canada (the "**Big Mack Property**"), in consideration for a series of cash payments, Common Share issuances and the Company incurring exploration expenditures on the Big Mack Property;
- (g) the material change report of the Company dated September 2, 2022 in respect of the Company's grant of an aggregate of 2,350,000 restricted share units ("**RSUs**") to certain directors, officers and consultants of the Company;
- (h) the material change report of the Company dated September 29, 2022 in respect of the Company's execution of a master services agreement with RESPEC Consulting Inc. ("**RESPEC**"), pursuant to which the Company is working directly with RESPEC to develop an exploration plan aimed at establishing a mineral resource estimate at the Company's Green Energy Lithium Property (the "**Green Energy Property**");
- (i) the material change report of the Company dated September 29, 2022 in respect of the Company's entrance into a property option agreement (the "**Horizon Option Agreement**") with FMS Lithium Corporation and Horizon Lithium LLC ("**Horizon**"), pursuant to which the Company was granted the right to acquire a 100% interest in the Horizon Lithium Property, which is comprised of 839 unpatented lode mining claims covering approximately 17,334 acres of land located in the Big Smoky and Monte Cristo Basins of Esmeralda County, Nevada (the "**Horizon Property**"), in consideration for completing a series of cash payments and issuances of Common Shares;
- (j) the material change report of the Company dated October 18, 2022 in respect of the Common Shares commencing trading on the Frankfurt Exchange on October 10, 2022 under the symbol "SS6";
- (k) the material change report of the Company dated October 18, 2022 in respect of the closing of a non-brokered private placement by the Company, pursuant to which the Company issued 10,000,000 (non-flow through) units and 4,615,384 flow-through units, for aggregate gross proceeds of approximately \$8,000,000 (the "**Private Placement**");
- (l) the material change report of the Company dated November 21, 2022 in respect of the Company's appointment of William Gibbs to the board of directors of the Company (the "**Board**"), effective November 10, 2022, and the concurrent resignation of Eli Dusenbury from the Board;



- (m) the material change report of the Company dated January 10, 2023 in respect of the Company's intention to "spin-out" the Green Energy Property;
- (n) the material change report of the Company dated February 10, 2023 in respect of the Company's entrance into an arrangement agreement (the "**Arrangement Agreement**") with Legacy Lithium Corp. ("**Legacy**") with respect to the proposed "spin out" of the Green Energy Property; and
- (o) the management information circular of the Company dated May 24, 2022, regarding the annual general and special meeting of shareholders of the Company held on June 29, 2022, filed on SEDAR on June 1, 2022.

Any documents of the type described in Section 11.1 of Form 44-101F1 – *Short Form Prospectuses* filed by the Company with a securities commission or similar authority in any province or territory of Canada subsequent to the date of this Prospectus and prior to the expiry of this Prospectus, or the completion of the issuance of securities pursuant hereto, will be deemed to be incorporated by reference into this Prospectus.

A prospectus supplement containing the specific terms of any offering of our securities will be delivered to purchasers of our securities together with this Prospectus and will be deemed to be incorporated by reference in this Prospectus as of the date of the prospectus supplement and only for the purposes of the offering of our securities to which that prospectus supplement pertains.

**Any statement contained in this Prospectus or in a document incorporated or deemed to be incorporated by reference in this Prospectus will be deemed to be modified or superseded for purposes of this Prospectus to the extent that a statement contained herein, in any prospectus supplement hereto or in any other subsequently filed document that also is or is deemed to be incorporated by reference herein modifies or supersedes such statement. The modifying or superseding statement need not state that it has modified or superseded a prior statement or include any other information set forth in the document that it modifies or supersedes. The making of a modifying or superseding statement is not to be deemed an admission for any purposes that the modified or superseded statement, when made, constituted a misrepresentation, an untrue statement of a material fact or an omission to state a material fact that is required to be stated or that is necessary to make a statement not misleading in light of the circumstances in which it was made. Any statement so modified or superseded will not be deemed, except as so modified or superseded, to constitute a part of this Prospectus.**

Any template version of any "marketing materials" (as such term is defined in National Instrument 44-101 - *Short Form Prospectus Distributions*) filed after the date of a prospectus supplement and before the termination of the distribution of the securities offered pursuant to such prospectus supplement (together with this Prospectus) is deemed to be incorporated by reference in such prospectus supplement.

Upon our filing of a new annual information form and the related annual financial statements and management's discussion and analysis with applicable securities regulatory authorities during the currency of this Prospectus, the previous annual information form, the previous annual financial statements and management's discussion and analysis and all interim financial statements, supplemental information, material change reports and information circulars filed prior to the commencement of our financial year in which the new annual information form is filed will be deemed no longer to be incorporated into this Prospectus for purposes of future offers and sales of our securities under this Prospectus. Upon interim consolidated financial statements and the accompanying management's discussion and analysis being filed by us with the applicable securities regulatory authorities during the duration of this Prospectus, all interim consolidated financial statements and the accompanying management's discussion and analysis filed prior to the new interim consolidated financial statements shall be deemed no longer to be incorporated into this Prospectus for purposes of future offers and sales of securities under this Prospectus.

References to our website in any documents that are incorporated by reference into this Prospectus do not incorporate by reference the information on such website into this Prospectus, and we disclaim any such incorporation by reference.

## **DIFFERENCES IN REPORTING OF MINERAL RESOURCE ESTIMATES**

Unless otherwise indicated, all disclosure regarding the Company's mineral properties included in this Prospectus and the documents incorporated by reference herein have been prepared in accordance with National Instrument 43-101 – Standards of Disclosure for Mineral Projects (“**NI 43-101**”) and the Canadian Institute of Mining, Metallurgy and Petroleum – CIM Definition Standards on mineral resources and mineral reserves, adopted by the CIM Council, as amended. These standards differ significantly from the mineral property disclosure requirements of the SEC in Regulation S-K Subpart 1300 (the “**SEC Modernization Rules**”) under the United States Securities Exchange Act of 1934, as amended. Accordingly, the Company's disclosure of scientific and technical information in this Prospectus and the documents incorporated herein by reference may differ significantly from the information that would be disclosed had the Company prepared the information under the standards adopted under the SEC Modernization Rules.

## **CURRENCY PRESENTATION AND EXCHANGE RATE INFORMATION**

Except as otherwise noted in our financial statements and the related management's discussion and analysis that are incorporated by reference into this Prospectus, the financial information contained in such documents is expressed in Canadian dollars. References to “\$” or “C\$” in this Prospectus are to Canadian dollars, unless otherwise indicated. References to “US\$” in this Prospectus are to United States dollars. References to “€” in this Prospectus are to Euros As of February 16, 2023, the Bank of Canada daily average rate of exchange for United States dollars into Canadian dollars was US\$1.00 = \$1.3439 and the daily average rate of exchange for Euros into Canadian dollars was €1.00 = \$1.4357.

## **THE COMPANY**

*The following description of the Company is, in some instances, derived from selected information about us contained in the documents incorporated by reference into this Prospectus. This description does not contain all of the information about us and our business that you should consider before investing in any securities. You should carefully read the entire Prospectus and the applicable prospectus supplement, including the section entitled “Risk Factors”, as well as the documents incorporated by reference into this Prospectus and the applicable prospectus supplement, before making an investment decision.*

### **Name, Address and Incorporation**

The Company was incorporated under the *Business Corporations Act* (British Columbia) (the “**BCBCA**”) on March 14, 2007 under the name “Enviro Energy Capital Corp.” On April 13, 2009, the Company changed its name to “Silver Sun Resource Corp.” On January 31, 2013, the Company changed its name to “Golden Sun Mining Corp.” On July 14, 2022, the Company changed its name to “Pan American Energy Corp.”

The Company's head office is located at Suite 100 – 521 3<sup>rd</sup> Avenue SW, Calgary, Alberta T2P 3T3 and its registered office is located at Suite 2800, Park Place, 666 Burrard Street, Vancouver, British Columbia V6C 2Z7.

The Common Shares are currently listed and posted for trading on the CSE under the symbol “PNRG”, on the OTC Pink in the United States under the symbol “PAANF” and on the Frankfurt Exchange under the symbol “SS6”. The Company is a reporting issuer in Alberta, British Columbia and Ontario.

## Summary Description of the Business

### *General*

The Company is a junior mineral exploration company engaged in the business of acquiring, exploring and evaluating lithium projects in mining friendly jurisdictions. Currently, the Company has two material mineral projects, being the Green Energy Property and the Big Mack Property.

The Company holds a 100% interest in and to the mining licenses comprising the Green Energy property, located in Cane Creek Anticline, Grand County, Utah, USA (the “**Green Energy Property**”). The Company intends to “spin-out” the Green Energy Property into its wholly-owned subsidiary, Legacy, following which the Company intends to distribute all, or the majority, of the common shares of Legacy to its shareholders, on a *pro rata* basis and pursue a listing of the common shares of Legacy on a Canadian stock exchange. See “*Summary Description of the Business – Recent Updates*”.

The Company also has options to acquire (A) up to 90% of the Big Mack property, located in the Paterson Lake Area, Ontario, Canada (the “**Big Mack Property**”) and (B) 100% of the Horizon property, located in the Big Smoky and Monte Cristo Basins of Esmeralda County, Nevada (the “**Horizon Property**”).

### *Green Energy Property*

The Green Energy Property is located in Grand County, southeastern Utah, approximately 12 air miles west of the town of Moab, in the Paradox Basin area. The Green Energy Property consists of 208 unpatented placer mining claims, totaling approximately 4160 acres. The Paradox Basin area has been explored for oil and gas for quite some time. The claims were acquired by the Company on January 6, 2022 for the purposes of exploring the claims for lithium. The Company has not done any exploration work on the claims to date, but has submitted an exploration and drilling plan to the Bureau of Land Management – Moab Field Office within Grand County, Utah to re-enter the previously drilled and plugged Cane Creek Fed 11-1 well.

A National Instrument 43-101 technical report in respect of the Green Energy Property, entitled “Technical Report, Green Energy Lithium Project, Cane Creek Anticline, Grand County, Utah, USA” with an effective date of March 24, 2022 (the “**Green Energy Technical Report**”) was filed on SEDAR on May 20, 2022.

The Company is currently proceeding with the work program recommended in the Green Energy Technical Report, involving the evaluation of recent and historic drilling data, development of a 3-D model, permitting and bonding for well re-entry, re-entering the previously drilled and plugged Cane Creek Federal 11-1 sample well (the “**Cane Creek Well**”), on-site testing and evaluation of the brine acquired from well re-entry and related metallurgical testing. At the date of the Green Energy Technical Report, this work program was estimated to cost \$950,000 (including a \$60,000 contingency).

Since acquiring the Green Energy Property, the Company has been evaluating the most promising wells for re-entry. After validation through geological, engineering and survey work, on December 13<sup>th</sup>, 2022, the Company submitted a Notice of Intent to the Bureau of Land Management Office (the “**BLM**”), Moab District Field, for re-entry well exploration drilling at the Cane Creek Well. The proposed well re-entry is expected to provide a more thorough understanding of the geologic structure and subsurface stratigraphy underlying the prospect area. The estimated duration of the program upon receipt of the permit from the BLM is approximately three months for construction, drilling and sampling, and seven months including full surface reclamation. To date, this work has cost the Company approximately \$60,000. Based on the estimate contained in the Green Energy Technical Report, the remaining amount to be spent on the work program is expected to be approximately \$890,000. Following the re-entry of the Cane Creek Well, the Company expects to have a better understanding of the lithium, bromine, iodine and other potentially valuable mineral concentrations at the Green Energy Property, and that it will then be in a position to proceed with testing the brine.

The AIF contains a summary of the Green Energy Technical Report. The summary in the AIF does not purport to be a complete summary of the Green Energy Property and the Green Energy Technical Report and is subject to all the assumptions, qualifications, references and procedures set out in Green Energy Technical Report and is qualified in its entirety with reference to the full text of the Green Energy Technical Report. Readers should read the summary in conjunction with the Green Energy Technical Report.

In the event that the Arrangement is completed during the current work program, it is expected that Legacy will continue with the work program recommended in the Green Energy Technical Report and the re-entry of the Cane Creek Well.

### *Big Mack Property*

The Big Mack Property is located in the Paterson Lake Area, approximately 80 kilometres north of Kenora, Ontario. The Big Mack Property is comprised of one mining lease, LEA-110010, which is recorded within the Kenora Mining Division of Ontario and has an expiry date of February 28, 2042. Magabra is the recorded owner of the Big Mack Property, with the Company holding its interest to acquire 90% of the Big Mack Property pursuant to the Big Mack Option Agreement. The area in which the Big Mack Property is located has a history of base and precious metals exploration, with some work focusing on the uranium and iron potential. In addition, extensive research and mapping initiated in 1992 by the Ontario government increased interest in the rare-metal pegmatite potential of the area. The Company has completed drill trails on the Big Mack Property, to allow for safer access for trucks and drilling equipment onto the Big Mack Property, and plans to complete a diamond head core drilling and sampling program incorporating at least 5,000 metres of drilling.

A National Instrument 43-101 technical report in respect of the Big Mack Property entitled “Technical Report on the Big Mack Property, Kenora Mining District, Northwestern Ontario, Canada” with an effective date of December 12, 2022 (the “**Big Mack Technical Report**”) was filed on SEDAR on December 14, 2022.

The Company is currently proceeding with phase one and two of the work program recommended in the Big Mack Technical Report, involving prospecting, mapping, sampling, stripping and channel-cut sampling to further define the potential lithium and rare earth mineralization present at the Big Mack Property, reviewing the geochemistry of all of the pegmatites previously located at the Big Mack Property and diamond drilling of the Big Mack pegmatite to depth and along strike to evaluate the continuity and the potential associations to the other pegmatites in the immediate area. At the date of the Big Mack Technical Report, this work program was estimated to cost \$2,442,542 (including contingency).

On September 6, 2022, the Company announced that it had validated a number of pegmatites at surface and historical grades through its review of prior scientific and technical work and a site visit. On November 15, 2022, the Company completed its first infrastructure development on the Big Mack Property by establishing drill trails to the Big Mack, Eleven Zone and Sprinkler Zone/6-59 LCT-pegmatites, allowing for safer access for trucks and drilling equipment onto the Big Mack Property. The drill trails were established in preparation for the Company’s planned diamond head core drilling and sampling program, which is expected to involve at least 5,000 metres of diamond head core drilling focussing on the Big Mack and Eleven Zone surface exposures. The Company has renewed the mining lease at the Big Mack Property for another 21 years (to 2042) and is currently working with the Ministry of Energy, Northern Development and Mines to update the Big Mack advanced exploration and closure plan. Following the update of this plan, the Company expects to commence the drilling and sampling program when ground conditions permit.

In addition, on January 23, 2023, the Company announced its participation in a UAV-borne magnetic survey to be flown by EarthEx Geophysical Solutions Inc. to be flown for the Company and Avalon Advanced Materials Inc. at the Big Mack Property and the Big Whopper Project near Kenora, Ontario. The survey is estimated to comprise 725 line-km with spacing of 25m and tie line spacing of 250m. The work program is focused on advancing an understanding of the structural framework and strain in the emplaced pegmatites in the Separation Rapids area. The cost of the survey is being shared by both companies, proportioned to their land holding size, and both companies will be provided access to all results.

To date, the Company's work at the Big Mack Property has cost the Company approximately \$90,000. The Company anticipates that its total expenditures with respect to the planned drilling and sampling program will be approximately \$2.3 million. The proposed drilling and sampling program is expected to enable the Company to further delineate the Big Mack pegmatite along strike and to depth, as well as to assess the structural complexity and potential zonation of the Big Mack pegmatite. The Company also anticipates that the drilling and sampling program will assist the Company in understanding the relationships between the identified pegmatites within the immediate area and to those adjacent to the Property, such as the Big Whopper pegmatite.

The AIF contains a summary of the Big Mack Technical Report. The summary in the AIF does not purport to be a complete summary of the Big Mack Property and the Big Mack Technical Report and is subject to all the assumptions, qualifications, references and procedures set out in Big Mack Technical Report and is qualified in its entirety with reference to the full text of the Big Mack Technical Report. Readers should read the summary in conjunction with the Big Mack Technical Report.

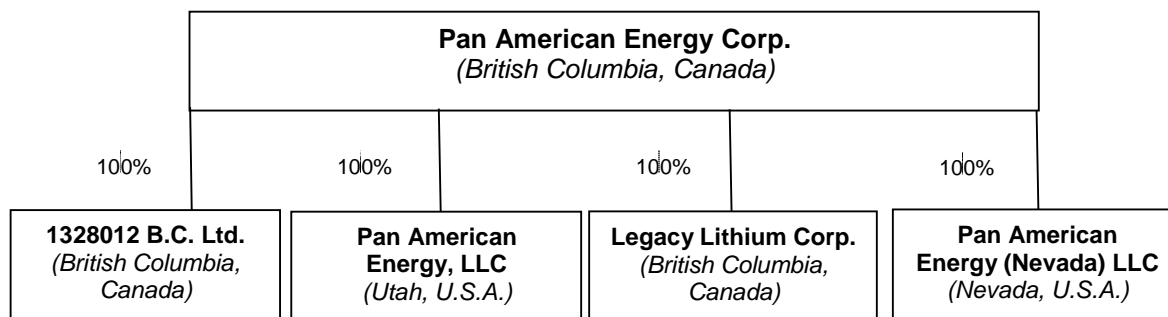
### *Horizon Property*

The Company has received approval of its Notice of Intent to the BLM, Tonopah Field Office, for exploration drilling of up to twenty-two (22) lithium prospecting core holes. The Company has commenced drilling of eleven (11) high-priority drill targets, at an estimated cost of \$1.5 million. The drilling program is designed to focus on assessing overburden, lithium concentration and the thickness and depth of the mineralized zone. Following the drilling of the eleven (11) high-priority drill holes described above, the Company expects to re-evaluate its drill targets for the remaining permitted drill holes.

For additional information with respect to the Green Energy Property, Big Mack Property, Horizon Property and the business of the Company, readers are referred to the Company's most recent annual information form, annual management's discussion and analysis and interim management's discussion. See also "Risk Factors" in this Prospectus and the Company's then-current annual information form.

### **Intercorporate Relationships**

The following diagram illustrates the intercorporate relationships among the Company and its subsidiaries, as well as the jurisdiction of incorporation of each entity:



### **Recent Updates**

On January 3, 2023, the Company announced that, following careful review, the Company intended to "spin-out" its Green Energy Property into Legacy

On January 23, 2023, the Company announced its participation in a UAV-borne magnetic survey to be flown by EarthEx Geophysical Solutions Inc. to be flown for the Company and Avalon Advanced Materials Inc. at the Big Mack Property and the Big Whopper Project near Kenora, Ontario. The survey is estimated

to comprise 725 line-km with spacing of 25m and tie line spacing of 250m. The work program is focused on advancing an understanding of the structural framework and strain in the emplaced pegmatites in the Separation Rapids area. The Department of Earth Sciences, University of Manitoba, have done geological research and are interested in making use of the geophysical data for research purposes. Flying a larger area provides more structural context, and is expected to significantly aid in the interpretation of data. The cost of the survey is being shared by both companies, proportioned to their land holding size, and both companies will be provided access to all results. The University of Manitoba and EarthEx Geophysical Solutions Inc. are also granted use of the data for research, publication and case study purposes.

On January 26, 2023, the Company announced that it expects to drill eleven (11) high-priority drill targets, at an estimated cost of \$1.5 million, commencing in February 2023, at the Horizon Property. RESPEC, the Company's technical partner for the Horizon Property, has been commissioned to design, manage, contract and run the drilling program. The proposed drilling program is designed to focus on assessing overburden, lithium concentration and the thickness and depth of the mineralized zone. The Company is currently permitted for twenty-two (22) drill holes. Following the drilling of the eleven (11) high-priority drill holes described above, the Company expects to re-evaluate its drill targets for the remaining permitted drill holes.

On February 8, 2023, the Company announced that it entered into the Arrangement Agreement with Legacy, pursuant to which the Company's interest in the Green Energy Property will be "spun out" to shareholders of the Company by way of a plan of arrangement (the "**Arrangement**") under the Business Corporations Act (British Columbia), subject to the terms and conditions of the Arrangement Agreement. The Company's shareholders will vote on the Arrangement at a special meeting of shareholders to be held on April 11th, 2023. Prior to the effective date of the Arrangement, the Company plans to transfer all of its ownership interest in the Green Energy Property, currently held in Pan American Energy, LLC, into Legacy, along with certain related assets which, together, will be the initial assets of Legacy. The Arrangement involves, among other things, the distribution of 100% of the common shares of Legacy to the Company's shareholders pursuant to the terms and subject to the conditions contained in the Arrangement Agreement, such that each shareholder as of a particular record date, occurring immediately prior to closing of the Arrangement (the "**Record Date**"), will receive one common share of Legacy for each five Common Shares held as of the Record Date. It is anticipated that the Record Date of the Arrangement will be on or about April 17, 2023 and the closing date of the Arrangement will occur on or about April 19, 2023.

On February 13, 2023, the Company announced that it had begun drilling at the Horizon property. The Company is focussing its immediate efforts on eleven (11) priority drill holes of the fully permitted twenty-two (22) drill hole program. RESPEC has setup a core shed area in Tonopah, Nevada for the Company where core logging, photographs, sample selection, core cutting, sample bagging and sample shipment prep will take place. KB Drilling safely mobilized equipment and personnel from Carson City, Nevada to Tonopah, and had the rig and associated equipment set-up at the first drill pad mid-morning on February 12, 2023, with drilling commencing the evening of February 12, 2023.

## **RISK FACTORS**

*Investing in our securities is speculative and involves a high degree of risk due to the nature of our business and the present stage of its development. The following risk factors, as well as risks currently unknown to us, could materially and adversely affect our future business, operations and financial condition and could cause them to differ materially from the estimates described in forward-looking statements relating to the Company, or its business or financial results, each of which could cause purchasers of our securities to lose part or all of their investment. The risks set out below are not the only risks we face; risks and uncertainties not currently known to us or that we currently deem to be immaterial may also materially and adversely affect our business, financial condition, results of operations and prospects. You should also refer to the other information set forth or incorporated by reference in this Prospectus or any applicable prospectus supplement, including our annual financial statements, and the related notes, and accompanying management's discussion and analysis. **A prospective investor should carefully consider the risk factors set out below along with the other matters set out or incorporated by reference in this Prospectus.***

## **Risks Related to the Company**

### **Continuing as a Going Concern**

The Company has a very limited history of operations in the mineral resource sector, has no history of earnings or of a return on investment in this sector, has a history of negative cash flow from operating activities, has incurred accumulated net losses of approximately \$2,762,024 (as of September 30, 2022), and expects to incur additional losses in the future. As of September 30, 2022, we had cash and cash equivalents of approximately \$334,903 and working capital of approximately \$57,387. We are subject to all the risks inherent in a new business enterprise, and our ability to continue as a going concern is dependent on raising additional capital to fund our exploration activities and ultimately to attain profitable operations.

The Company's mineral properties are in the exploration stage and there are no known mineral resources or reserves located on the Company's properties. Significant capital investment will be required to achieve commercial production from the Company's mineral properties and there is no assurance that any of the Company's property interests or other assets will be economically viable or will be advanced to generate earnings, operate profitably or provide a return on investment in the future. No operating revenues are anticipated until one of the Company's projects comes into production, which may or may not occur. The Company will continue to experience losses unless and until it can successfully develop and begin profitable commercial production at one of its properties. There can be no assurance that the Company will be able to do so.

Currently, our potential sources of funding consist of the sale of additional equity securities, entering into joint venture agreements or selling a portion of our interests in our assets. In the past, we have raised capital through the issuance of Common Shares; however, there is no assurance that we will be successful in raising additional capital, or that such additional capital, if available, will be on terms acceptable to us. Accordingly, there is substantial doubt as to whether our existing cash resources and working capital are sufficient to enable us to continue our operations as a going concern. Ultimately, in the event that we cannot obtain additional financial resources, or achieve profitable operations, our operations may be delayed or indefinitely postponed, and we may have to liquidate our business interests and investors may lose their investment.

Our financial statements are prepared assuming that the Company will continue as a going concern. As noted above, continued operations are dependent on our ability to obtain additional financial resources or generate profitable operations. Such additional financial resources may not be available or may not be available on reasonable terms. Our financial statements do not include any adjustments that may result from the outcome of this uncertainty. Such adjustments could be material.

### **Ability to Meet Financial Commitments**

We are required to incur cumulative exploration expenditures on the Big Mack Property of \$3,000,000 over the three year option period in order to maintain the option for the Big Mack Property in good standing. In addition, we are required to pay Horizon US\$1,000,000 over the term of the Horizon Option Agreement in order to maintain the option for the Horizon Property in good standing. In addition, we must have sufficient funds to pay general and administrative expenses and conduct other exploration activities, including exploration activities at the Green Energy Property and the Horizon Property. If we are unable to fund these amounts by way of financings, including public or private offerings of equity or debt securities, we will need to reorganize or significantly reduce our operations, which may result in an adverse impact on our business, financial condition and exploration activities. If we are unable to fund the amounts specified under the Big Mack Agreement and the Horizon Option Agreement, we may lose our ability to acquire an interest in the Big Mack Property or the Horizon Property. We do not have credit, off-take or other commercial financing arrangements in place that would finance continued evaluation or development of our properties, and we believe that securing credit financing for our properties at their current stage would be very difficult. Moreover, equity financing may not be available on attractive terms and, if available, will result in dilution to existing shareholders.

## **Exploration, Development and Operating Risks**

Our business plan is focused on exploring our mineral properties to identify mineral resources and reserves and, if appropriate, to ultimately develop those properties. To date, we have not established any mineral resources or mineral reserves and remain in the exploration stage. We may never enter the development or production stage. Exploration of mineralization and determination of whether mineralization might be extracted profitably is highly speculative, and it may take a number of years until production is possible, during which time the economic viability of a property may change. Substantial expenditures are required to establish mineral resources and mineral reserves, extract metals and construct mining and processing facilities.

Mining operations generally involve a high degree of risk. The Company's operations are subject to all the hazards and risks normally encountered in mineral exploration and development, including environmental hazards, encounters with unusual and unexpected geologic formations, seismic activity, rock bursts, cave-ins, flooding, earthquakes, inclement or hazardous weather conditions and other conditions involved in the drilling and removal of material, any of which could result in damage to, or destruction of, mineral properties, mines and other facilities, personal injury or death, damage to property, environmental damage, delays in our exploration activities, asset write-downs, monetary losses and possible legal liability. We may not be insured against all losses or liabilities, either because such insurance is unavailable, because we have elected not to purchase such insurance due to high premium costs, because such liabilities might exceed policy limits or other reasons. The realization of any liabilities in connection with our activities could negatively affect our activities and operations.

Mineral exploration often involves unprofitable efforts, including drilling operations that ultimately do not further our exploration efforts. The cost of mineral exploration is often uncertain, and cost overruns are common. Our drilling and exploration operations may be curtailed, delayed or canceled as a result of numerous factors, many of which are beyond our control, including title problems, weather conditions, protests, compliance with governmental requirements, including permitting issues, and shortages or delays in the delivery of equipment and services. The financing, exploration, development and mining of any of the Company's exploration properties is furthermore subject to a number of macroeconomic, legal, social and other factors, including the price of lithium, laws and regulations, political conditions, currency fluctuations, the ability to hire and retain qualified people, the inability to obtain suitable machinery, equipment, supplies, consumables or labour and obtaining necessary services in jurisdictions in which the Company operates. Unfavourable changes to these and other factors have the potential to negatively affect the Company's business, plans, prospects, strategies, financial performance and condition and results.

Mineral exploration activities are also subject to the risk that no commercially productive or extractable resources will be encountered. Few mineral properties which are explored are ultimately developed into producing mines. The economic feasibility of any mineral exploration and/or development project is based upon, among other things, estimates of the size, grade and metallurgical characteristics of mineral reserves, proximity to infrastructure and other resources (such as water and power), anticipated production rates, capital and operating costs, governmental regulations, availability, terms and costs of additional funding, local community and landowner sentiment towards the project and metal prices. At present, none of the Company's properties have a known body of bankable commercial ore and the proposed work programs on the Company's properties are exploratory in nature only. To advance from an exploration property to a development project, we will need to overcome various hurdles, including completing favourable feasibility studies, securing necessary permits and raising significant additional capital to fund activities. There is no certainty that the expenditures made by the Company towards the exploration and evaluation of the mineralization of the Company's properties will result in discoveries or production of commercial quantities of lithium or other minerals.

Substantial expenditures may be required to locate, evaluate and establish mineral resources or mineral reserves, to develop metallurgical processes and to construct mining and processing facilities at a particular site, which expenditures may require substantial additional financing. It is impossible to guarantee that the Company will be able to secure the necessary financing needed to pursue the exploration or development activities planned by the Company or that its activities will result in an economically viable or profitable



commercial mining operation.

### **Dependence on Few Mineral Properties**

Our only material properties for the purposes of NI 43-101 are the Green Energy Property and the Big Mack Property. Unless the Company acquires additional property interests, or the Horizon Property becomes material to the Company, any adverse developments affecting the Green Energy Property or the Big Mack Property could have a disproportionately adverse effect upon the Company and the financial performance or results of operations of the Company. There is no assurance that the Company's mineral exploration and development programs at the Green Energy Property or the Big Mack Property will result in the definition of mineral resources or mineral reserves at these properties. There is also no assurance that even if mineral resources or mineral reserves are discovered at a given property, that the Green Energy Property or the Big Mack Property will be brought into commercial production. The failure to discover commercial quantities of mineralization on the Company's material properties over time will have a material adverse impact on the Company's potential future profitability and ability to operate as a going concern.

### **Early-Stage Status and Nature of Exploration**

The Company is at an early stage of exploration and, as a result, has not declared mineral resources or mineral reserves at any of its properties. As a result, any reference to potential quantities and/or grades of minerals, or the recovery of such minerals, is conceptual in nature, as there has been insufficient exploration to define any mineral resource or mineral reserve and it is uncertain if further exploration will result in the determination of any mineral resource or mineral reserve. Any information regarding potential mineralization, including quantities and/or grades or the recovery of minerals included in this Prospectus should not be interpreted as assurances of a potential mineral resource or mineral reserve, or of any potential future mine or of the viability or profitability of future operations.

As an exploration stage company, we may never enter the development and production stages. While the discovery of an ore body may result in substantial rewards, few properties that are explored are ultimately developed into producing mines. Even if the presence of mineral reserves is established at a project, the legal and economic viability of the project may not justify exploitation. The likelihood of our success must be considered in light of the problems, expenses, difficulties, complications and delays frequently encountered in connection with an exploration stage business, and the competitive and regulatory environment in which we operate and will operate, such as under-capitalization, personnel limitations and limited financing sources.

Exploration and development of mineral properties involves significant financial risks which even a combination of careful evaluation, experience and knowledge may not eliminate. Mineral exploration is highly speculative and often non-productive. Where expenditures on a property have not led to the discovery of mineral reserves, we may need to write-off part or all of our investment in such property. The economics of exploring and developing mineral properties is affected by many factors including the accuracy of mineral resource and mineral reserve estimates, metallurgical recoveries, the cost of capital and operations, variations in the grade of mineralization, fluctuations in metal markets, fluctuations in the concentrate sales markets, which may be independent of metals prices, fluctuations in the markets for lithium-based end products, costs of mining and processing equipment and government regulations, including regulations relating to prices, taxes, royalties, land tenure, land use, allowable production, importing and exporting of minerals and environmental management and protection. Major expenses may be required to establish mineral resources and mineral reserves and develop those mineral resources and reserves into a commercial mining operation by drilling, developing metallurgical processes, constructing mining and processing facilities at a particular site and extracting metals from ore. Development projects are also subject to the successful completion of feasibility studies, issuance of necessary governmental permits and availability of adequate financing. It is impossible to guarantee that the current planned exploration programs of the Company will result in the discovery of mineral resources or mineral reserves or the eventual commencement of economically viable or profitable commercial mining operations. The ultimate profitability of the Company's operations will be, in part, directly related to the costs and success of its exploration and development programs, which will be impacted by many factors, including those set

forth herein.

Our future growth and productivity will depend on our ability to develop commercially mineable mineral rights at our existing properties or identify and acquire other commercially mineable mineral rights, and on the costs and results of continued exploration and potential development programs. No assurance can be given that mineral resources or mineral reserves will ever be declared at the Company's properties, or that any such mineral resources and mineral reserves, if declared, can ever be legally and economically exploited. In addition, if we discover mineralization that is deemed to have economic potential, it will take several years from the initial phases of exploration until production is possible. During this time, the economic feasibility of producing from the mineralization may change.

### **Mineral Price Volatility**

Our activities, including our ability to establish reserves through our exploration activities, our future profitability and our long-term viability, are influenced by the prices of commodities, including lithium and lithium-based end products, such as lithium carbonate and lithium hydroxide. These prices fluctuate widely and are affected by numerous factors beyond our control, including pricing characteristics for alternate energy sources, interest rates, expectations for inflation, speculation and hedging, currency values, global and regional demand and consumption patterns, political and economic conditions, supply and production costs in major metal-producing regions of the world. Furthermore, the price of lithium products, and the number of customers for those products, is significantly affected by their purity and performance.

Weakness in the global economy could increase volatility in metals prices or depress metals prices, which could in turn reduce the value of our properties, make it more difficult to raise additional capital and make it uneconomic for us to continue our exploration activities.

### **Lithium Market Growth**

Our success is highly dependent upon the demand for and uses of lithium-based end products. This includes lithium-ion batteries for electric vehicles and other large format batteries that currently have limited market share and whose projected adoption rates are not assured. To the extent that such markets do not develop in the manner contemplated by the Company, then the long-term growth in the market for lithium products would be adversely affected, which would inhibit the potential for development of the Company's properties and their potential commercial viability and would otherwise have a negative effect on the business and prospects of the Company. In addition, as a commodity, lithium market demand is subject to the substitution effect in which end-users adopt an alternate commodity in response to supply constraints or increases in market pricing. To the extent that these factors arise in the market for lithium, it could have a negative impact on overall prospects for growth of the lithium market and pricing, which in turn could have a negative effect on the Company and its properties.

### **Currency Exchange Rates**

Our financial condition is affected in part by currency exchange rates, as portions of our exploration costs in the United States are denominated in local currency. A weakening Canadian dollar relative to the U.S. dollar may have the effect of increasing exploration costs while a strengthening Canadian dollar may have the effect of reducing exploration. The exchange rates between the Canadian dollar and the U.S. dollar have fluctuated widely in response to international political conditions, general economic conditions and other factors, all of which are beyond our control.

### **Dependence on Management and Personnel**

We rely, in large part, on the efforts of our directors and officers and, as a result, the Company is very dependent upon the personal efforts and commitment of its directors and officers. If one or more of the Company's executive officers become unavailable for any reason, a severe disruption to the business and operations of the Company could result and the Company may not be able to replace them readily, if at all. 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 the Company will be successful in attracting, training and retaining qualified personnel as competition for persons with these skill sets is high. 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 results of operations and financial condition.

### **Conflicts of Interest**

Certain directors and officers of the Company are, and may continue to be, or may become involved in the mining and mineral exploration industry through their direct and indirect participation in corporations, partnerships or joint ventures which are potential competitors of the Company, which may give rise to conflicts of interest. In addition, some of the directors and officers of the Company have either other full-time employment or other business or time restrictions placed on them and, accordingly, the Company will not be the only business enterprise of these directors and officers, which may give rise to conflicts of interest. Directors who have a material interest in any person who is a party to a material contract or a proposed material contract with the Company are required, subject to certain exceptions, to disclose that interest and generally abstain from voting on any resolution to approve such a contract. In addition, directors and officers are required to act honestly and in good faith with a view to the best interests of the Company. Any failure of the directors or officers of the Company to address any conflict of interest in the appropriate manner or to allocate opportunities that they become aware of to the Company could have a material adverse effect on the Company's business, financial condition, results of operations or prospects.

### **Conflict in Ukraine**

The recent outbreak of hostilities in Ukraine, and the accompanying international response, including economic sanctions, has been extremely disruptive to the world economy, with increased volatility in commodity markets, including higher oil and gas prices, international trade and financial markets, all of which have a trickle-down effect on supply chains and equipment. There is substantial uncertainty about the extent to which this conflict will continue to impact economic and financial affairs, as the numerous issues arising from the conflict are in flux and there is the potential for escalation of the conflict both within Europe and globally. There is a risk of substantial market and financial turmoil arising from the conflict which could have a material adverse effect on the Company's ability to operate its business and advance its exploration plans.

### **Cyber Security Risks**

As the Company continues to increase its dependence on information technologies to conduct its operations, the risks associated with cyber security also increase. The Company's information systems, along with those of any of its counterparties may be vulnerable to the increasing threat of continually evolving cyber security risks. The successful operation of the Company's business depends, in part, on how well the Company and its counterparties protect networks, equipment, information technology systems and software against damage from threats. The failure of information systems, or a component of information systems could, depending on the nature of any such failure, seriously harm the Company's reputation and materially adversely affect its results of operations. There can be no assurance that the Company or its counterparties will not incur such losses in the future. Cyber security risks include attacks on information technology and infrastructure by hackers, damage or loss of information due to viruses, the unintended disclosure of confidential information, the loss of control over computer control systems, and breaches due to employee error. The Company has implemented security procedures and measures in order to protect its systems and information from being vulnerable to cyber-attacks. To date, the Company has not experienced any material impact from cyber security events; however, the Company's risk and exposure to these matters cannot be fully mitigated, as a result of the evolving nature of these threats, and it may not have the resources or technical sophistication to anticipate, prevent, or recover from rapidly evolving types of cyber-attacks. Compromises to its information and control systems could have severe financial and other business implications.

## **Earn-Ins, Joint Ventures and Similar Arrangements**

The Company currently operates the Big Mack Property and the Horizon Property through earn-in agreements and may, in the future, operate some of its activities and properties through joint ventures, or similar arrangements. For example, in the event that the Company exercises the option on the Big Mack Property pursuant to the Big Mack Option Agreement, it is expected that Magabra and the Company will form a joint venture to administer the Big Mack Property. Any failure of any partner to meet its obligations to the Company, or any disputes with respect to third parties' respective rights and obligations under these agreements could have a material adverse effect on the Company and its rights under such agreements. Furthermore, the Company may be unable to exert direct influence over strategic decisions made in respect of properties that are subject to the terms of these agreements, and the result may be a materially adverse impact on the strategic value of the underlying mineral claims. In addition, the Company may, in the future, be unable or refuse to meet its required expenditures, payments or Common Share issuances, or its share of costs incurred, under such arrangements and may have its property interests subject to such arrangements reduced or eliminated as a result.

## **Local Communities and Aboriginal Groups**

Our ongoing and future success depends on developing and maintaining productive relationships with the communities surrounding our operations, and other stakeholders in our operating locations. Local communities and stakeholders can become dissatisfied with our activities or the level of benefits provided, which may result in legal or administrative proceedings, civil unrest, protests, direct action or campaigns against us. Any such occurrences could materially and adversely affect our financial condition and results of operations.

The nature and extent of the rights of First Nations, Inuit, Metis and other aboriginal groups ("**Aboriginal Groups**") remains, in many cases, the subject of active debate, claims and litigation. Various national and provincial laws, codes, resolutions, conventions, guidelines, court decisions, and other materials relate to the rights of Aboriginal Groups, which provide Aboriginal Groups with a spectrum of rights in lands that have been traditionally used or occupied by such Aboriginal Groups. Many of these materials impose obligations on the government to respect the rights of Aboriginal Groups. Some mandate that government consult with Aboriginal Groups regarding government actions which may affect Aboriginal Groups, including actions to approve or grant mining rights or permits. For example, the United Nations Declaration of the Rights of Indigenous People, which the Government of Canada has expressed a renewed commitment to implementing, requires governments to obtain the free, prior and informed consent of Aboriginal Groups who may be affected by government action, such as the granting of mining concessions or the approval of miner permits. The obligations of government and private parties under the various materials pertaining to Aboriginal Groups continue to evolve and be defined.

The Big Mack Property lies within the traditional land use area of the Wabaseemoong Independent Nations of Whitedog, Ontario, an aboriginal community located approximately 35 km southwest of the Big Mack Property. As a result, the Company's current and future operations are subject to a risk that one or more Aboriginal Groups may oppose the operation or development of the Company's properties or operations. Such opposition may be directed through legal or administrative proceedings or expressed in manifestations such as protests, roadblocks or other forms of public expression against the Company's activities. Opposition by Aboriginal Groups to the Company's operations may require modification of, or preclude operation or development of, the Company's properties or may require the Company to enter into agreements with Aboriginal Groups with respect to the Company's properties. In order to facilitate exploration and development, we may deem it necessary and prudent to obtain the cooperation and approval of local Aboriginal Groups. Any cooperation and approval may be predicated on our committing to take measures to limit the adverse impacts on local Aboriginal Groups and ensuring that some of the economic benefits of such exploration and development will be enjoyed by the local Aboriginal Groups. There can be no guarantee that any of our efforts to secure such cooperation or approval would be successful or that the assertion of rights or title, or claims of insufficient consultation or accommodation, by Aboriginal Groups will not create delays in approvals or unexpected interruptions in progress, requirements for consent from Aboriginal Groups, cancellation of permits and licenses, or result in additional costs to

advance our properties.

### **Social and Environmental Activism**

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

### **Environmental Risks and Hazards**

All phases of the Company’s operations are subject to environmental regulation by federal, state, provincial and local authorities. These regulations mandate, among other things, the maintenance of air and water quality standards and land reclamation. They also set forth limitations on the generation, transportation, storage and disposal of solid and hazardous waste. Environmental legislation is evolving in a manner which imposes stricter standards, including more stringent enforcement, fines and penalties for non-compliance. Pursuant to these stricter standards, environmental assessments of proposed projects carry a heightened degree of responsibility for companies, including their directors, officers and employees. As such, no assurance can be given that environmental standards imposed on the Company will not continue to be changed or that such changes will not materially and adversely affect our current and proposed activities, or prohibit them altogether. Compliance with these environmental requirements may also necessitate significant capital outlays or may materially affect our earning power.

Environmental hazards which are unknown to the Company at present and which have been caused by previous owners or operators, or occurred naturally, may exist on the Green Energy Property, the Big Mack Property, the Horizon Property or any property in which we may hold interests in the future. We may be liable for remediating these liabilities and any liabilities that we may cause. This liability could include costs for removing or remediating the release of hazardous substances or the damage to natural resources caused thereby, including ground water, as well as the payment of fines and penalties.

Failure to comply with applicable environmental laws, regulations and permitting requirements may result in enforcement actions, including orders issued by regulatory or judicial authorities causing operations to cease or be curtailed, and may include corrective measures requiring capital expenditures, installation of additional equipment or remedial actions. Parties engaged in mining operations may be required to compensate those suffering loss or damage by reason of such activities and may have civil or criminal fines or penalties imposed upon them for violation of applicable laws or regulations.

### **Permitting**

The Company’s current and anticipated future activities will require approvals and permits from various federal and local governmental authorities, and such operations are and will be governed by laws and regulations governing prospecting, exploration, development, mining, production, exports, taxes, labour standards, health, waste disposal, toxic substances, land use, environmental protection, mine safety and other matters. There is no assurance that we will be able to acquire all required licenses, permits or property rights on reasonable terms, in a timely manner or at all, that such terms will not be adversely changed, that required extensions will be granted, or that the issuance of such licenses, permits or property rights will not be challenged by third parties. Delays in obtaining or a failure to obtain any licenses or permits or extensions thereto, challenges to the issuance of such licences or permits, whether successful or unsuccessful,

changes to the terms of such licences or permits or a failure to comply with the terms of any such licences or permits that the Company has obtained, could have a material adverse effect on the Company by delaying, preventing or making more expensive exploration and/or development.

### **Acquisition Strategy**

As part of the Company's business strategy, it has sought and will continue to seek new exploration and development opportunities in the resource industry. Any acquisition that we may choose to complete may change the scale of our business and operations, and may expose us to new or greater geographic, political, operating, financial, legal and geological risks. Our success in our acquisition activities depends on our ability to identify suitable acquisition candidates, negotiate acceptable terms for any such acquisition and integrate the acquired business and/or assets into the Company successfully. The identification of attractive candidates and integration of acquired properties, assets or entities involve inherent risks, including but not limited to:

- accurately assessing the value, strengths, weaknesses, contingent and other liabilities and potential profitability of acquisition candidates;
- ability to achieve identified and anticipated operating and financial synergies;
- unanticipated costs;
- diversion of management attention from existing business;
- potential disruption in ongoing business and operations or loss of our key employees or key employees of any business acquired;
- unanticipated changes in business, industry or general economic conditions that affect the assumptions underlying the acquisition;
- decline in the value of acquired properties, companies or securities; and
- other risks associated with exploration, development and mining of mineral resources and mineral reserves.

Any one or more of these factors or other risks could cause us not to realize the anticipated benefits of an acquisition of properties or companies, and could have a material adverse effect on our financial condition. We may not be able to successfully overcome these risks and other problems associated with acquisitions, and this may adversely affect our business, financial condition or results of operations.

The process of managing acquisitions may involve unforeseen difficulties and may require a disproportionate amount of management resources, which may divert management's focus and resources from other strategic opportunities and from operational matters during this process. Any acquisitions would be accompanied by risks. There can be no assurance that we will be able to successfully manage the integration and operations of business or properties we acquire or that the anticipated benefits of our acquisitions will be realized.

In connection with any future acquisitions, we may incur indebtedness or issue equity securities, resulting in increased interest expense or dilution of the percentage ownership of existing shareholders. Acquisition costs, additional indebtedness or issuances of securities in connection with such acquisitions, may adversely affect the price of our Common Shares and negatively affect our results of operations.

### **Compliance with Laws**

The Company is headquartered in Calgary, Alberta and its mineral properties are located in Canada and the United States. As such, the Company's business is subject to various laws and regulations in Canada and the United States, including various anti-corruption and anti-bribery laws. The legal and regulatory requirements in the United States are different from those in Canada. The Company relies, to a great extent, on the Company's local advisors in the United States with respect to legal, environmental compliance,

banking, financing and tax matters in order to ensure compliance with material legal, regulatory and governmental developments as they pertain to and affect the Company's operations in the United States.

Additionally, our exploration and development activities are subject to extensive federal, provincial, state and local laws, regulations and policies governing various matters, including, but not limited to:

- environmental protection;
- the management and use of toxic substances and explosives;
- the management of waste;
- the management of natural resources and land;
- the exploration and development of mineral properties;
- taxation;
- labour standards and occupational health and safety; and
- historic and cultural preservation.

Failure to comply with applicable laws and regulations may result in civil or criminal fines or penalties or enforcement actions, including orders issued by regulatory or judicial authorities enjoining or curtailing operations or requiring corrective measures, installation of additional equipment or remedial actions, any of which could result in significant expenditures. We may also be required to compensate private parties suffering loss or damage by reason of a breach of such laws, regulations or permitting requirements. Amendments to current laws, regulations and permitting requirements, future laws and regulations, or changes in the interpretation or the more stringent enforcement of current laws and regulations by governmental authorities, could have a material adverse impact on the Company, including as a result of additional expenses or capital expenditures, suspensions or delays of our activities or the abandonment of our properties.

Our efforts to comply with new rules and regulations have resulted in, and are likely to continue to result in, increased general and administrative expenses and a diversion of management time and attention from operating activities to compliance activities. If we fail to comply with such regulations, it could have a negative effect on our business, results of operations and share price and investors could lose all or part of their investment. These rules and regulations continue to evolve in scope and complexity, and many new requirements have been created in response to laws enacted by governments, making compliance more difficult and uncertain.

### **Additional Capital**

The exploration, development, expansion and mining of our properties will require ongoing financing. The Company will additionally be required to finance the fees and expenses necessary to maintain its properties in good standing under applicable law and to operate as a public company. The Company will require additional funds if it encounters unexpected costs, problems or delays, if the costs of its activities are greater than the Company has anticipated or if the Company decides to obtain additional mineral properties. Our ability to continue exploration and to engage in any development or production activities, will depend on our ability to obtain additional external financing.

As the Company has no expectations of generating cash flow from its properties in the near term, the Company will be required to rely on external financing. The Company's future is dependent upon its ability to obtain financing. If the Company does not obtain such financing, its business could fail and investors could lose their entire investment. The sources of external financing that we may use for these purposes include project or bank financing, royalty, streaming or other similar arrangements, or, most likely, public or private offerings of securities. In addition, we may enter into one or more strategic alliances or joint ventures, decide to sell certain property interests, or utilize one or a combination of all of these alternatives. The Company currently does not have any arrangements for further financing and it may not be able to obtain

financing when required, on acceptable terms or at all. The ability of the Company to arrange such additional financing in the future will depend, in part, on the prevailing capital market conditions as well as the business and performance of the Company. Failure to obtain additional financing could result in the delay or indefinite postponement of exploration or development activities, require us to sell one of our properties or our interest therein or result in the loss of our interest in one or more of our properties. Furthermore, even if we raise sufficient additional capital, there can be no assurance that we will achieve profitability or positive cash flow. In addition, any future equity offering will further dilute the equity interest of existing shareholders in the Company, and any future debt financing will require us to dedicate a portion of our cash flow to payments on indebtedness, and will limit our flexibility in planning for or reacting to changes in our business.

The Company may encounter difficulty sourcing future financing in light of the recent economic downturn. The current financial equity market conditions and the inhospitable funding environment make it difficult to raise capital through the issuance of Common Shares. The junior resource industry has been severely affected by the world economic situation, as it is considered speculative and high-risk in nature.

### **Factors Beyond the Control of the Company**

The exploration and development of a mining property is inherently challenging and involves many risks that even a combination of experience, knowledge and careful evaluation may not be able to overcome, including, without limitation:

- unusual or unexpected geological formations and other forms of geological, mineralogical, geochemical or geotechnical complexities associated with natural systems and conditions;
- metallurgical problems;
- environmental hazards;
- power outages;
- labour disruptions;
- community relations issues;
- industrial accidents;
- periodic interruptions due to inclement or hazardous weather conditions;
- climate change-related impacts;
- flooding, explosions, fire, rockbursts, cave-ins and landslides;
- mechanical equipment and facility performance problems;
- the availability of materials and equipment.

These risks could result in damage to, or destruction of, mineral properties, facilities or other properties, personal injury or death, including to our personnel, environmental damage, delays in operations, asset write downs, monetary losses and possible legal liability and/or facility and workforce evacuation. We may not be able to obtain insurance to cover these risks at economically feasible premiums, or at all. Insurance against certain risks, including potential liability for pollution and other hazards as a result of the disposal of waste products, is not generally available to companies within the mining industry. We may suffer a material adverse impact on our business if we incur losses related to any significant events that are not insurable losses.

### **No Assurance of Title to Property**

Acquisition of title to mineral properties is a very detailed and time-consuming process. Title to, and the area of, mineral properties may be disputed. The Company cannot give an assurance that title to its property interests will not be challenged or impugned. Title to a property may be subject to prior unregistered agreements, interests or land claims by Aboriginal Groups, and title may be affected by undetected defects.



Further, the Company cannot give an assurance that the existing description of mining titles will not be changed due to changes in policy, rulings, or law in the jurisdiction where the property is located. A successful claim that the Company, or the underlying property holder, does not have title to a property could cause the Company to lose any rights to explore, develop and mine any minerals on that property, without compensation for its prior expenditures relating to such property, or impair such rights. Challenges to permits or property rights (whether successful or unsuccessful), changes to the terms of permits or property rights, or a failure to comply with the terms of any permits or property rights that have been obtained, could have a material adverse effect on our business by delaying or preventing, or making continued operations, economically unfeasible.

The property interests of the Company may now or in the future be the subject of land claims by Aboriginal Groups. The legal nature of Aboriginal Group land claims is a matter of considerable complexity. The impact of any such claim on the Company's ownership interest in its properties cannot be predicted with any degree of certainty and no assurance can be given that a broad recognition of rights of Aboriginal Groups in the area in which the properties of the Company are located, by way of a negotiated settlement or judicial pronouncement, would not have an adverse effect on the Company's activities or ownership interest in such properties. Even in the absence of such recognition, the Company may at some point be required to negotiate with first nations in order to facilitate exploration and development work on the properties owned or optioned by the Company.

If there are title defects with respect to the Company's properties, the Company, or the underlying property owner, might be required to compensate other persons or may have its interest in the property reduced or eliminated. Title insurance is generally not available, and our ability to ensure that we have obtained secure title to individual mineral properties or mining concessions may be severely constrained. Additionally, we may be unable to operate our properties as permitted, or to enforce our rights with respect to our properties. Also, in any such case, the investigation and resolution of title issues would divert management's time from ongoing exploration and advancement programs at the Company's properties.

### **Adverse General Economic Conditions**

The unprecedented events in global financial markets in the past several years have had a profound impact on the global economy. Many industries, including the mineral resource industry, have been and continue to be impacted by these market conditions. Some of the key impacts of the financial market turmoil include contraction in credit markets resulting in a widening of credit risk, devaluations and high volatility in global equity, commodity, foreign exchange and precious metal markets and a lack of market confidence. A continued or worsened slowdown in the financial markets or volatility in other economic conditions, including but not limited to, consumer spending, employment rates, business conditions, inflation, fuel and energy costs, consumer debt levels, lack of available credit, interest rates and tax rates, may adversely affect our growth and ability to obtain financing.

A number of issues related to economic conditions could have a material adverse effect on our business, financial conditions and results of operations, including, without limitation:

- contraction in credit markets, volatility in lithium and other metal prices and recessionary pressures could impact the cost and availability of financing and our overall liquidity
- volatility in energy, commodity and consumable prices and currency exchange rates could impact our operating costs; and
- the devaluation and volatility of global stock markets could impact the valuation of our Common Shares and potentially limit the ability to complete offerings of our securities.

### **The Arrangement**

There can be no certainty, nor can the Company provide any assurance that the Arrangement will be undertaken, as currently contemplated, on the timeline currently contemplated or at all. The Company and Legacy have entered into the Arrangement Agreement with respect to the Arrangement, but management

of the Company may choose to abandon the Arrangement at its discretion,

The completion of the Arrangement is subject to a number of conditions precedent, certain of which are outside of the control of the Company, including shareholders of the Company approving the Arrangement and required regulatory approvals, including of the British Columbia Supreme Court, being obtained. There is no certainty, nor can the Company provide any assurance, that these conditions will be satisfied or waived, when they will be satisfied or waived and, accordingly the Arrangement may not be completed.

In addition, the Arrangement is conditional on, among other things, no action having been instituted to restrain the Arrangement and no law, regulation or policy having been proposed, enacted, promulgated or applied that interferes or is inconsistent with the completion of the Arrangement.

Pursuant to the Arrangement Agreement, the Company has the unilateral right to terminate the Arrangement Agreement. The Company can provide no certainty nor assurance that it will not terminate the Arrangement Agreement prior to the completion of the Arrangement. In addition, if the Arrangement has not occurred on or before June 1, 2023, the Arrangement Agreement will terminate without any further action by the Company or Legacy.

If, for any reason, the Arrangement is not completed, the market price of the Common Shares may be adversely affected and shareholders will lose the prospective benefits of the Arrangement. Moreover, if the Arrangement is not completed, there is no assurance that the Company will pursue or be able to complete an alternative transaction. Even if the Arrangement is completed, the Company's shareholders will remain subject to many of the risk factors set forth in this Prospectus. There will be certain costs related to the Arrangement, such as legal and accounting fees incurred, that must be paid by the Company, even if the Arrangement is not completed.

While the Company intends to seek a listing of Legacy's common shares on a Canadian stock exchange in connection with the Arrangement, until such common shares are listed on a stock exchange, Legacy shareholders may not be able to sell their Legacy common shares.

## **Infrastructure**

Mining, processing, development and exploration activities depend on adequate infrastructure. Reliable roads, bridges, power sources, communication networks and water supply are important determinants which affect capital and operating costs. The lack of availability on acceptable terms or the delay in the availability of any one or more of these items could prevent or delay exploration or development of our properties. If adequate infrastructure is not available in a timely manner, we cannot assure you that the exploration or development of our properties will be commenced, conducted or completed on a timely basis, or at all, or that the costs associated with such exploration and/or development of our properties will not be higher than anticipated. In addition, unusual or infrequent weather phenomena, fires, sabotage, community, government, Aboriginal Group or other interference or activism or other sources of damage to, or interference in the maintenance or provision of, infrastructure could adversely affect our operations and/or result in a material adverse effect to the Company's financial condition.

## **Insurance**

The Company's business is subject to a number of risks and hazards, including environmental pollution, accidents or spills, industrial and transportation accidents, labour disputes, changes in the regulatory environment, natural phenomena (such as inclement weather conditions, fires, floods, hurricanes, earthquakes, ground or slope failures and cave-ins), encountering unusual or unexpected geological conditions, mechanical failures and changes in the regulatory environment. Many of the foregoing risks and hazards could result in damage to, or destruction of, the Company's properties or facilities, personal injury or death, environmental damage, delays in or interruption of or cessation of its exploration or development activities, or costs, monetary losses, legal liability or adverse governmental action. Insurance will not cover all of the potential risks associated with our operations or the risks associated with being a publicly-traded company generally. We may also be unable to maintain insurance to cover these risks at economically

feasible premiums, or at all, and insurance coverage may not be available or may not be adequate to cover any liability that we may suffer or incur. Moreover, insurance against risks such as loss of title to mineral property, environmental pollution or other hazards as a result of exploration or development is not generally available to us or to other companies in the mining industry on acceptable terms. We might also become subject to liability for pollution or other hazards which may not be insured against or which we may elect not to insure against because of premium costs or other reasons. The Company may suffer a material adverse effect on the Company's business, operations and financial condition as a result of losses related to any event that is not covered, or adequately covered, by insurance.

## **Competition**

The mineral exploration and mining business is intensely competitive in all of its phases. The Company competes for the acquisition of attractive mineral properties, claims, leases and other mineral interests, capital to finance exploration and the recruitment and retention of qualified individuals with numerous other companies and individuals, including competitors with greater financial, technical and other resources than the Company. The Company's ability to acquire properties in the future will depend not only on its ability to develop its present properties, but also on its ability to select and acquire suitable producing properties or prospects for mineral exploration. There is no assurance that the Company will continue to be able to compete successfully with its competitors in acquiring such properties or prospects.

Additionally, as a result of this competition, the Company may have to compete for financing and may be unable to acquire financing on terms it considers acceptable, or at all. The Company may also have to compete with other mining companies for the recruitment and retention of qualified managerial and technical employees.

If the Company is unable to successfully compete for the acquisition of attractive mineral properties, claims, leases and other mineral interests, capital to finance exploration and the recruitment and retention of qualified individuals, the Company's operations may be delayed or impeded, and the Company may be required to cease operations entirely.

## **The Company's Operations are Subject to Human Error**

Human error could result in significant uninsured losses to the Company. These could include loss or forfeiture of mineral claims or other assets for non-payment of fees or taxes, significant tax liabilities in connection with any tax planning effort the Company might undertake and legal claims for errors or mistakes by the Company personnel. The occurrence of any uninsured loss as a result of human error could have a material and adverse impact on our business, results of operations and financial condition.

## **Influence of Third Party Stakeholders**

The mineral properties in which the Company holds an interest, or the exploration equipment and road or other means of access which the Company intends to utilize in carrying out its work programs or operations, may be subject to interests or claims by third party individuals, groups or companies. Specifically, the Company's rights to explore, develop and otherwise conduct operations on the Big Mack Property and the Horizon Property are subject to the rights of the property owner pursuant to the Big Mack Option Agreement and the Horizon Option Agreement. In the event that such third parties assert any claims, the Company's work programs may be delayed even if such claims are not meritorious. Such claims may result in significant financial loss and loss of opportunity for the Company.

In the event that a dispute arises under, or the owner asserts its rights under or terminates, the Big Mack Option Agreement or the Horizon Agreement, whether meritorious or not, the Company's rights to explore, develop or otherwise conduct operations on the Big Mack Property or the Horizon Property may be limited or suspended or the Company's interest in the Big Mack Property or the Horizon Property may be reduced or eliminated. Any such dispute, claim or purported termination, particularly with respect to the Big Mack Property, may have a material and adverse effect on the Company's business, results of operation or financial condition. In addition, if the owner of the Big Mack Property or the Horizon Property does not meet

its contractual obligations under the Big Mack Option Agreement or the Horizon Option Agreement, or if they become insolvent, our business, results of operations or financial condition may be materially and adversely impacted.

### **Management of Growth**

The Company is concurrently overseeing the advancement of three exploration properties. Work to advance these properties requires the dedication of considerable time and resources by the Company and its management team and advisors. The advancement of several properties concurrently brings with it the associated risk of strains arising on managerial and other resources. The Company's ability to successfully manage each of these properties will depend on a number of factors, including its ability to manage competing demands on time and other resources, financial or otherwise, and successfully retain personnel, consultants and advisors and recruit new personnel, consultants and advisors to support its growth and the advancement of its properties.

If we experience a period of significant growth, our management systems and resources may be strained. Our future will depend in part on the ability of our officers and other key personnel to implement and improve our financial and management controls, reporting systems and procedures on a timely basis and to expand, train and manage our employee workforce. There can be no assurance that we will be able to effectively manage our growth. The inability of the Company to deal with growth effectively could have a material adverse impact on our business, plans, operations, financial condition and prospects.

### **Canada's Extractive Sector Transparency Measures Act**

The Canadian Extractive Sector Transparency Measures Act ("**ESTMA**"), which became effective June 1, 2015, requires public disclosure of payments to governments by entities engaged in the commercial development minerals who are either publicly listed in Canada or with business or assets in Canada. Mandatory annual reporting is required for extractive companies with respect to payments made to foreign and domestic governments at all levels, including entities established by two or more governments, including Aboriginal Groups. ESTMA requires reporting on the payments of any taxes, royalties, fees, production entitlements, bonuses, dividends, infrastructure improvement payments and any other prescribed payment. Failure to report, false reporting or structuring payments to avoid reporting may result in fines. The Company has not yet been required to begin ESTMA reporting. If the Company becomes subject to an enforcement action or in violation of ESTMA, this may result in significant penalties, fines and/or sanctions imposed resulting in a material adverse effect on the Company's reputation.

### **Legal and Litigation**

Due to the nature of its business, the Company may be subject to regulatory investigations, claims, lawsuits and other proceedings. Defense and settlement costs of legal claims can be substantial, even with respect to claims that have no merit. Due to the inherent uncertainty of the litigation process, the resolution of any particular legal proceeding to which the Company may become subject cannot be predicted with certainty and could have a material adverse effect on the Company's business, prospects, financial condition, and operating results. To the knowledge of the Company, there are no current claims or litigation outstanding against the Company.

Additionally, in the event of a dispute involving the foreign operations of the Company, the Company may be subject to the exclusive jurisdiction of foreign courts. The Company's ability to enforce its rights under, and its potential exposure to, judgments from foreign courts could have an adverse effect on the Company's results of operations and financial condition.

### **Outbreaks of Contagious Diseases**

Global outbreaks of contagious diseases, including COVID-19, have the potential to significantly and adversely impact our operations and business. Pandemics or disease outbreaks, such as COVID-19, may have a variety of adverse effects on our business, including by depressing commodity markets and the

market value of our securities, impacting our ability to obtain additional financing, including by limiting the ability of our management to meet with potential financing sources, and impacting our ability to travel to the regions where our projects are located and complete the work required to maintain the our properties (or our interests therein) in good standing.

## **Foreign Operations**

We conduct business in the United States and, as such, our activities are exposed to various levels of foreign political, economic and other risks and uncertainties. These risks and uncertainties include, but are not limited to, terrorism, hostage taking, fluctuations in currency exchange rates, high rates of inflation, labor unrest, war or civil unrest, expropriation and nationalization, changes in taxation policies, changing political conditions and governmental regulations that favor or require the rewarding of contracts to local contractors or require foreign contractors to employ citizens of, or purchase supplies from, a particular jurisdiction.

Changes, if any, in mining or investment policies, or shifts in political attitude, in the United States may adversely affect our exploration and possible future development activities. We may also be affected to varying degrees by government regulations with respect to, but not limited to, foreign investment, maintenance of claims, environmental legislation, land use, land claims of Aboriginal Groups, water use and mine safety. Failure to comply strictly with applicable laws, regulations and local practices relating to mineral right applications and tenure could result in loss, reduction or expropriation.

The occurrence of these various factors and uncertainties cannot be accurately predicted and could have an adverse effect on our operations. In addition, legislation in Canada or the United States regulating foreign trade, investment and taxation could have a material adverse effect on our financial condition.

## **International Advisors and Consultants**

The legal and regulatory requirements in the United States with respect to conducting mineral exploration and mining activities are different from those in Canada. The officers and directors of the Company must rely, to a great extent, on the Company's local legal counsel and local consultants retained by the Company in order to keep abreast of material legal, regulatory and governmental developments as they pertain to and affect the Company's business operations. The Company relies on the advice of local experts and professionals in connection with current and new regulations that develop in respect of banking, financing, labour, litigation and tax matters in the United States. Any developments or changes in such legal, regulatory or governmental requirements or in local business practices are beyond the control of the Company. The impact of any such changes may adversely affect the business of the Company.

## **Expansion into other Geographic Areas**

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

## **Risks Related to the Common Shares**

### **Loss of Entire Investment**

An investment in the Company is speculative and may result in the loss of an investor's entire investment. Only potential investors who are experienced in high-risk investments and who can afford to lose their entire

investment should consider an investment in the Company. The Company has no history of earnings, limited cash reserves, a limited operating history, has not paid dividends and is unlikely to pay dividends in the immediate or near future. 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.

## **Dilution**

In order to finance future operations, the Company may issue Common Shares, debt instruments or other securities convertible into Common Shares. The Company cannot predict the size of future issuances of Common Shares or the size and terms of future issuances of debt instruments or other securities convertible into Common Shares. Likewise, the Company cannot predict the effect, if any, that future issuances and sales of the Company's securities will have on the market and market price of the Common Shares. Any transaction involving the issuance of previously authorized but unissued Common Shares, or securities convertible into Common Shares, would result in dilution, possibly substantial, to present and prospective securityholders. Sales of substantial numbers of Common Shares or securities convertible into Common Shares, or the perception that such a sale may occur, may adversely affect the market, liquidity and any prevailing market prices for the Common Shares.

## **Market for Securities**

The market price for the securities of mining companies has been historically highly volatile. As such, the market price for the Common Shares may be volatile and subject to wide fluctuations in response to numerous factors, many of which are beyond the Company's control, including the following:

- announcements regarding business developments relating to the Company and the public's reaction;
- announcements relating to litigation involving the Company;
- the results and progress of our exploration activities;
- actual or anticipated fluctuations in the Company's quarterly or annual results;
- recommendations by securities research analysts;
- changes in the economic performance or market valuations of companies in the industry in which the Company operates;
- additions to or departures of the Company's executive officers and other key personnel;
- the release or expiration of lock-up or other transfer restrictions on outstanding Common Shares;
- sales or perceived sales of additional Common Shares;
- significant acquisitions or business combinations, strategic partnerships, joint ventures or capital commitments by or involving the Company or the Company's competitors;
- our operating, financial and Common Share price performance relative to the operating, financial and share price performance of other companies that investors deem comparable to the Company;
- changes in commodity and input prices, political events, global financial markets, global economies and general market conditions;
- news reports relating to trends, concerns, technological or competitive developments, regulatory changes and other related issues in the Company's industry; and
- regulatory changes in the industry in which the Company operates.

Securities of public companies, including our own, may also be subject from time to time to manipulative trading tactics of third parties, which are beyond our control and which can have an adverse impact on the

market price of our Common Shares. In addition, stock markets have experienced significant price volatility in recent months and years. This volatility has had a substantial effect on the share prices and trading volume of companies, at times for reasons unrelated to their operating performance.

We cannot make any predictions or projections as to what the prevailing market price of our Common Shares will be at any time, including as to whether our Common Shares will achieve or remain at current levels, or as to what effect the sale of Common Shares or the availability of Common Shares for sale at any time will have on the prevailing market price. Any negative change in the public's perception of our prospects, or the prospects of mining companies generally, could cause the price of our Common Shares to decrease, regardless of our results. A prolonged decline in the price of the Common Shares could result in a reduction in the liquidity of the Common Shares and a reduction in the Company's ability to raise capital. Because a significant portion of the Company's operations have been and are expected to be financed through the sale of equity securities, a decline in the price of the Common Shares could be especially detrimental to the Company's liquidity and its operations. Any such decline in the price of the Common Shares may force the Company to reallocate funds from other planned uses and may have a significant negative effect on the Company's business plan and operations. If the Common Share price declines, the Company can offer no assurance that it will be able to raise additional capital or generate funds from operations sufficient to meet its obligations. If the Company is unable to raise sufficient capital in the future, the Company may not have the resources to continue its normal operations. Additionally, following declines in the market price of a company's securities, securities class-action litigation may be instituted. Litigation of this type, if instituted, could result in substantial costs and a diversion of our management's attention and resources.

#### **Discretion over Use of Proceeds**

The Company intends to allocate the net proceeds it will receive from an offering as described under "Use of Proceeds" in this Prospectus and the applicable prospectus supplement; however, the Company will have discretion in the actual application of the net proceeds. The Company may elect to allocate the net proceeds differently from that described in "Use of Proceeds" in this Prospectus and the applicable prospectus supplement if the Company believes it would be in the Company's best interests to do so. The Company's investors may not agree with the manner in which the Company chooses to allocate and spend the net proceeds from an offering. The failure by the Company to apply funds effectively could have a material adverse effect on the business of the Company.

The Company will not receive any proceeds from any sale of securities by any Selling Securityholder.

#### **Dividends**

No dividends on the Common Shares have been paid by the Company to date, and the Company does not expect to pay any dividends, in cash or otherwise, in the future, in favor of utilizing cash to support the development of our business. Any future determination relating to the Company's dividend policy will be made at the discretion of the Board and will depend on a number of factors, including future operating results, capital requirements, financial condition and the terms of any credit facility or other financing arrangements the Company may obtain or enter into, future prospects and other factors the Board may deem relevant at the time such payment is considered. As a result, shareholders will have to rely on capital appreciation, if any, to earn a return on their investment in the Common Shares for the foreseeable future. There can be no assurance that we will pay dividends.

#### **Exchange Listing**

In the future, the Common Shares may fail to meet the continued listing requirements of the CSE and/or the other exchange(s) on which the Common Shares may trade. If the CSE or any such other exchange delists the Common Shares from trading, the Company could face material adverse consequences, including: a limited availability of market quotations for the Common Shares; a determination the Common Shares are a "penny stock" which may require brokers trading in the Common Shares to adhere to more stringent rules and possibly resulting in a reduced level of trading activity in the secondary market for the

Common Shares; a limited amount of news and analyst coverage for the Company; and a decreased ability to issue additional securities or obtain additional financing in the future.

### **Absence of a Public Market for Certain Securities**

There is no public market for the debt securities, warrants, subscription receipts, securities purchase contracts or units contemplated by this Prospectus and, unless otherwise specified in the applicable prospectus supplement, the Company does not intend to apply for listing of any such debt securities, warrants, subscription receipts, securities purchase contracts or units on any securities exchanges. If debt securities, warrants, subscription receipts, securities purchase contracts or units are traded after their initial issuance, they may trade at a discount from their initial offering prices depending on prevailing interest rates (as applicable), the market for similar securities and other factors, including general economic conditions and our financial condition. There can be no assurance as to the liquidity of the trading market for any debt securities, warrants, subscription receipts, share purchase contracts or units, or that a trading market for these securities will develop at all.

### **Unsecured Debt Securities**

The Company carries on its business through corporate subsidiaries, and the majority of its assets are held in corporate subsidiaries. The Company's results of operations and ability to service indebtedness, including any debt securities, are dependent upon the results of operations of these subsidiaries and the payment of funds by these subsidiaries to the Company in the form of loans, dividends or otherwise. Unless otherwise indicated in the applicable prospectus supplement, the Company's subsidiaries will not have an obligation to pay amounts due pursuant to any debt securities or to make any funds available for payment on any debt securities, whether by dividends, interest, loans, advances or other payments. In addition, the payment of dividends and the making of loans, advances and other payments to the Company by its subsidiaries may be subject to statutory or contractual restrictions. Unless otherwise indicated in the applicable prospectus supplement, the indenture governing any debt securities issued by the Company is not expected to limit the Company's ability or the ability of its subsidiaries to incur indebtedness. Unless otherwise indicated in the applicable prospectus supplement, such indebtedness of the Company's subsidiaries would be structurally senior to any debt securities issued by the Company. As such, in the event of the liquidation of any subsidiary, the assets of that subsidiary would be used first to repay the obligations of the subsidiary, including indebtedness and trade payables, prior to being used by the Company to pay its indebtedness, including any debt securities issued by the Company. See "*Description of Debt Securities*".

### **Effect of Changes in Interest Rates on Debt Securities**

Prevailing interest rates will affect the market price or value of any debt securities issued by the Company. The market price or value of any debt securities issued by the Company may decline as prevailing interest rates for comparable debt instruments rise, and increase as prevailing interest rates for comparable debt instruments decline.

### **Effect of Fluctuations in Foreign Currency Markets on Debt Securities**

Debt securities issued by the Company and denominated or payable in foreign currencies may entail significant risk. These risks include, without limitation, the possibility of significant fluctuations in the foreign currency markets, the imposition or modification of foreign exchange controls and potential liquidity restrictions in the secondary market. These risks will vary depending upon the currency or currencies involved and will be more fully described in the applicable prospectus supplement.

### **Corporate Governance and Public Disclosure Regulations**

The Company is subject to changing rules and regulations promulgated by Canadian governmental and self-regulated organizations, including the Canadian Securities Administrators, any exchange or marketplace on which the Company's securities are listed or trade and the Financial Accounting Standards



Board. These rules and regulations continue to evolve in scope and complexity, making compliance more difficult and uncertain. The Company's efforts to comply with these and other new and existing rules and regulations have resulted in, and are likely to continue to result in, increased general and administrative expenses and a diversion of management time and attention from revenue-generating activities to compliance activities.

## USE OF PROCEEDS

The net proceeds to the Company from any particular offering of securities, the proposed use of those proceeds and the specific business objectives or milestones which the Company expects to accomplish with such proceeds will be set forth in the applicable prospectus supplement relating to that offering of securities.

All expenses relating to an offering of securities and any compensation paid to underwriters, dealers or agents, as the case may be, will be paid out of the proceeds from the sale of such securities, unless otherwise stated in the applicable prospectus supplement.

There may be circumstances where, based on results obtained or for other sound business reasons, a reallocation of the proceeds of a particular offering may be necessary or prudent. Accordingly, management of the Company will have broad discretion in the application of the proceeds of an offering of securities. The actual amount that the Company spends in connection with each offering of securities may vary significantly from the amounts specified in the applicable prospectus supplement and will depend on a number of factors, including those referred to under "*Risk Factors*" in this Prospectus and in the documents incorporated by reference herein and any other factors set forth in the applicable prospectus supplement. The Company may invest funds which it does not immediately use. Such investments may include short-term marketable investment grade securities. The Company may, from time to time, issue securities (including debt securities) other than pursuant to this Prospectus.

As at the date hereof, the Company has yet to generate any revenue from mining operations and is unlikely to do so in the immediate future. During the year ended April 30 2022, the Company had negative cash flow from operating activities. The Company anticipates it will continue to have negative cash flow from operating activities in future periods until profitable commercial production is achieved at one of the Company's properties. As a result, the Company may need to allocate a portion of its existing working capital or certain of the net proceeds from any offering of securities to fund such negative cash flow from operating activities in future periods

The Company will not receive any proceeds from any sale of securities by any Selling Securityholder.

## CONSOLIDATED CAPITALIZATION

Since April 30, 2022, the date of the Company's annual financial statements for the most recently completed financial period, there have been no material changes in the Company's consolidated share or debt capital, other than: (i) the issuance of 1,270,000 Common Shares on June 24, 2022 to settle certain debts of the Company; (ii) the issuance of 392,156 Common Shares on August 30, 2022 to Magabra pursuant to the Big Mack Option Agreement; (iii) the grant of 2,350,000 restricted share units to certain directors, officers and consultants of the Company pursuant to the Company's equity based compensation plan on August 31, 2022; (iv) the issuance of 14,615,384 units of the Company comprised of one Common Share and one Common Share purchase warrant and the issuance of 676,738 finder's warrants, in each case at the closing of the Private Placement; (v) the issuance of 3,012,174 Common Shares on October 17, 2022 to Horizon pursuant to the Horizon Option Agreement; (vi) the grant of 1,100,008 restricted share units and 200,000 stock options to certain consultants and a director of the Company pursuant to the Company's equity based compensation plan on November 10, 2022; (vii) the grant of 50,000 stock options to a certain consultant of the Company pursuant to the Company's equity based compensation plan on December 1, 2022; (ix) 850,000 RSUs have been settled for Common Shares; and (x) 400,000 Common Shares have been issued upon the exercise of warrants.

## **PRIOR SALES**

Information regarding our Common Shares that we issued within the previous twelve-month period, including Common Shares that we issued upon the exercise of stock options or the settlement of restricted share units granted under our equity based compensation plan, will be provided as required in a prospectus supplement with respect to the issuance of securities pursuant to such prospectus supplement.

## **SELLING SECURITYHOLDERS**

This Prospectus may also, from time to time, relate to the offering of securities by way of a secondary offering by one or more Selling Securityholders. The terms under which the securities will be offered by Selling Securityholders will be described, as required by applicable securities laws, in the applicable prospectus supplement. If a Selling Securityholder is a company, partnership, trust or other unincorporated entity, the prospectus supplement will include the name of each individual who, through ownership of or control or direction over the securities of that company, trust or other unincorporated entity, or membership in the partnership, as the case may be, is a principal securityholder of that entity. The prospectus supplement for, or including, any offering of the securities by Selling Securityholders will include, without limitation, where applicable:

- the names of the Selling Securityholders;
- the number or amount of securities owned, controlled or directed by each of the Selling Securityholders;
- the number or amount of securities being distributed for the account of each Selling Securityholder;
- the number or amount of securities to be owned, controlled or directed by each of the Selling Securityholders after the distribution, and the percentage that number or amount represents out of the total number or amount of outstanding securities of the class or series being distributed;
- whether the securities of the Company are owned by each of the Selling Securityholders both of record and beneficially, of record only or beneficially only;
- if a Selling Securityholder purchased any of the securities being distributed pursuant to the prospectus supplement in the two years preceding the date of the prospectus supplement, the date or dates the Selling Securityholder acquired such securities; and
- if a Selling Securityholder acquired the securities being distributed pursuant to the prospectus supplement in the 12 months preceding the date of the prospectus supplement, the cost thereof to the Selling Securityholder in the aggregate and on an average cost-per-security basis.

## **TRADING PRICE AND VOLUME**

The outstanding Common Shares are listed and posted for trading on the CSE under the symbol “PNRG”, on the Frankfurt Exchange under the symbol “SS6” and on the OTC Pink under the symbol “PAANF”. Trading price and volume information of the Company's securities will be provided as required in each prospectus supplement to this Prospectus.

## **EARNINGS COVERAGE**

If we offer debt securities having a term to maturity in excess of one year under this Prospectus and any applicable prospectus supplement, the applicable prospectus supplement will include earnings coverage ratios giving effect to the issuance of such securities.

## **DESCRIPTION OF SHARE CAPITAL**

The following is a brief summary of certain general terms and provisions of the currently outstanding securities of the Company as at the date of this Prospectus. The summary does not purport to be complete and is indicative only. The specific terms of any securities to be offered under this Prospectus, and the extent to which the general terms described in this Prospectus apply to such securities, will be set forth in the applicable prospectus supplement. Moreover, a prospectus supplement relating to a particular offering of securities may include terms pertaining to the securities being offered thereunder that are not within the terms and parameters described in this Prospectus.

### **Common Shares**

The Company's authorized share capital consists of an unlimited number of Common Shares, of which 44,639,780 Common Shares are issued and outstanding as at the date of this Prospectus (84,981,910 Common Shares on a fully-diluted basis, assuming the exercise or settlement of all outstanding stock options, restricted share units and warrants, which are further described below).

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

### **Options and Restricted Share Units**

As at the date of this Prospectus, the Company has 1,850,000 stock options issued and outstanding. Each vested stock option entitles the holder to receive one Common Share upon payment of the exercise price of the stock option, subject to adjustment pursuant to the Company's equity-based compensation plan. As at the date of this Prospectus, the Company has 3,600,008 restricted share units issued and outstanding. Each vested restricted share unit entitles the holder to receive one Common Share, subject to adjustment pursuant to the Company's equity-based compensation plan.

### **Warrants**

As at the date of this Prospectus, the Company has 34,892,122 Warrants issued and outstanding, consisting of: (i) 9,800,000 Warrants, each exercisable into one (1) Common Share for \$0.10 per Common Share until October 25, 2023, (ii) 9,800,000 Warrants, each exercisable into one (1) Common Share for \$0.12 per Common Share until December 8, 2023, (iii) 10,674,100 Warrants each exercisable into one (1) Common Share for \$0.75 per Common Share until October 11, 2024 and (iv) 4,618,022 Warrants each exercisable into one (1) Common Share for \$0.85 per Common Share until October 11, 2024.

## DESCRIPTION OF DEBT SECURITIES

In this section describing the debt securities, the terms "Company" and "PNRG" refer only to Pan American Energy Corp. without any of its subsidiaries.

The following description of the terms of debt securities sets forth certain general terms and provisions of debt securities in respect of which a prospectus supplement may be filed. The particular terms and provisions of debt securities offered by any prospectus supplement, and the extent to which the general terms and provisions described below may apply thereto, will be described in the prospectus supplement filed in respect of such debt securities. Prospective investors should rely on information in the applicable prospectus supplement if it is different from the following information.

Debt securities may be offered separately or in combination with one or more other securities of the Company. The Company may, from time to time, issue debt securities and incur additional indebtedness other than through the issue of debt securities pursuant to this Prospectus.

The debt securities will be issued under one or more indentures (each, a "**Trust Indenture**"), in each case between the Company and a financial institution or trust company organized under the laws of Canada or any province thereof and authorized to carry on business as a trustee (each, a "**Trustee**").

The following description sets forth certain general terms and provisions of the debt securities and is not intended to be complete. The particular terms and provisions of the debt securities and a description of how the general terms and provisions described below may apply to the debt securities will be included in the applicable prospectus supplement. The following description is subject to the detailed provisions of the applicable Trust Indenture. Accordingly, reference should also be made to the applicable Trust Indenture, a copy of which will be filed by the Company with the securities commissions or similar regulatory authorities in applicable Canadian offering jurisdictions, after it has been entered into, and will be available electronically at [www.sedar.com](http://www.sedar.com).

### General

The applicable Trust Indenture will not limit the aggregate principal amount of debt securities that may be issued under such Trust Indenture and will not limit the amount of other indebtedness that the Company may incur. The applicable Trust Indenture will provide that the Company may issue debt securities from time to time in one or more series and may be denominated and payable in United States dollars, Canadian dollars or any foreign currency. Unless otherwise indicated in the applicable prospectus supplement, the debt securities will be unsecured obligations of the Company.

The Company may specify a maximum aggregate principal amount for the debt securities of any series and, unless otherwise provided in the applicable prospectus supplement, a series of debt securities may be reopened for issuance of additional debt securities of such series. The applicable Trust Indenture will also permit the Company to increase the principal amount of any series of the debt securities previously issued and to issue that increased principal amount.

Any prospectus supplement for debt securities supplementing this Prospectus will contain the specific terms and other information with respect to the debt securities being offered thereby, including, but not limited to, the following:

- the designation, aggregate principal amount and authorized denominations of such debt securities;
- the percentage of principal amount at which the debt securities will be issued;
- whether payment on the debt securities will be senior or subordinated to other liabilities or obligations of the Company;
- whether the payment of the debt securities will be guaranteed by any other person;
- the date or dates, or the methods by which such dates will be determined or extended, on which the Company may issue the debt securities and the date or dates, or the methods by which such

dates will be determined or extended, on which the Company will pay the principal and any premium on the debt securities and the portion (if less than the principal amount) of debt securities to be payable upon a declaration of acceleration of maturity;

- whether the debt securities will bear interest, the interest rate (whether fixed or variable) or the method of determining the interest rate, the date from which interest will accrue, the dates on which the Company will pay interest and the record dates for interest payments, or the methods by which such dates will be determined or extended;
- the place or places the Company will pay principal, premium, if any, and interest, if any, and the place or places where debt securities can be presented for registration of transfer or exchange;
- whether and under what circumstances the Company will be required to pay any additional amounts for withholding or deduction for Canadian taxes with respect to the debt securities, and whether and on what terms the Company will have the option to redeem the debt securities rather than pay the additional amounts;
- whether the Company will be obligated to redeem or repurchase the debt securities pursuant to any sinking or purchase fund or other provisions, or at the option of a holder, and the terms and conditions of such redemption;
- whether the Company may redeem the debt securities at its option and the terms and conditions of any such redemption;
- the denominations in which the Company will issue any registered and unregistered debt securities;
- the currency or currency units for which debt securities may be purchased and the currency or currency units in which the principal and any interest is payable (in either case, if other than Canadian dollars) or if payments on the debt securities will be made by delivery of Common Shares or other property;
- whether payments on the debt securities will be payable with reference to any index or formula;
- if applicable, the ability of the Company to satisfy all or a portion of any redemption of the debt securities, any payment of any interest on such debt securities or any repayment of the principal owing upon the maturity of such debt securities through the issuance of securities of the Company or of any other entity, and any restriction(s) on the persons to whom such securities may be issued;
- whether the debt securities will be issued as global securities (defined below) and, if so, the identity of the depository for the global securities;
- whether the debt securities will be issued as unregistered securities (with or without coupons), registered securities or both;
- the periods within which and the terms and conditions, if any, upon which the Company may redeem the debt securities prior to maturity and the price or prices of which, and the currency or currency units in which, the debt securities are payable;
- any events of default or covenants applicable to the debt securities;
- any terms under which debt securities may be defeased, whether at or prior to maturity;
- whether the holders of any series of debt securities have special rights if specified events occur;
- any mandatory or optional redemption or sinking fund or analogous provisions;
- the terms, if any, for any conversion or exchange of the debt securities for any other securities;
- rights, if any, on a change of control;
- provisions as to the modification, amendment or variation of any rights or terms attaching to the debt securities;
- the Trustee under the Trust Indenture pursuant to which the debt securities are to be issued;
- whether the Company will undertake to list the debt securities of the series on any securities exchange or automated interdealer quotation system; and
- any other terms, conditions, rights and preferences (or limitations on such rights and preferences), including covenants and events of default which apply solely to a particular series of the debt securities being offered which do not apply generally to other debt securities, or any covenants or events of default generally applicable to the debt securities which do not apply to a particular series of the debt securities.

The Company reserves the right to include in a prospectus supplement specific terms pertaining to the debt securities which are not within the options and parameters set forth in this Prospectus. In addition, to the extent that any particular terms of the debt securities described in a prospectus supplement differ from any

of the terms described in this Prospectus, the description of such terms set forth in this Prospectus shall be deemed to have been superseded by the description of such differing terms set forth in such prospectus supplement with respect to such debt securities.

Unless stated otherwise in the applicable prospectus supplement, no holder of debt securities will have the right to require the Company to repurchase the debt securities and there will be no increase in the interest rate if the Company becomes involved in a highly leveraged transaction or has a change of control.

The Company may issue debt securities bearing no interest or interest at a rate below the prevailing market rate at the time of issuance, and offer and sell these securities at a discount below their stated principal amount. The Company may also sell any of the debt securities for a foreign currency or currency unit, and payments on the debt securities may be payable in a foreign currency or currency unit. In any of these cases, the Company will describe certain Canadian federal income tax consequences and other special considerations in the applicable prospectus supplement.

Unless otherwise indicated in the applicable prospectus supplement, the Company may issue debt securities with terms different from those of debt securities previously issued and, without the consent of the holders thereof, reopen a previous issue of a series of debt securities and issue additional debt securities of such series.

### **Ranking and Other Indebtedness**

Unless otherwise indicated in an applicable prospectus supplement, the debt securities will be direct unsecured obligations of the Company. The debt securities will be senior or subordinated indebtedness of the Company as described in the applicable prospectus supplement. If the debt securities are senior indebtedness, they will rank equally and ratably with all other unsecured indebtedness of the Company from time to time issued and outstanding which is not subordinated. If the debt securities are subordinated indebtedness, they will be subordinated to senior indebtedness of the Company as described in the applicable prospectus supplement, and they will rank equally and ratably with other subordinated indebtedness of the Company from time to time issued and outstanding as described in the applicable prospectus supplement. The Company reserves the right to specify in a prospectus supplement whether a particular series of subordinated debt securities is subordinated to any other series of subordinated debt securities.

The Board may establish the extent and manner, if any, to which payment on or in respect of a series of debt securities will be senior or will be subordinated to the prior payment of our other liabilities and obligations and whether the payment of principal, premium, if any, and interest, if any, will be guaranteed by any other person and the nature and priority of any security.

### **Registration of Debt Securities**

#### ***Debt Securities in Book Entry Form***

Unless otherwise indicated in an applicable prospectus supplement, debt securities of any series may be issued in whole or in part in the form of one or more global securities ("**Global Securities**") registered in the name of a designated clearing agency (a "**Depository**") or its nominee and held by or on behalf of the Depository in accordance with the terms of the applicable Trust Indenture. The specific terms of the depositary arrangement with respect to any portion of a series of debt securities to be represented by a Global Security will, to the extent not described herein, be described in the prospectus supplement relating to such series. The Company anticipates that the provisions described in this section will apply to all depositary arrangements.

Upon the issuance of a Global Security, the Depository or its nominee will credit, in its book-entry and registration system, the respective principal amounts of the debt securities represented by the Global Security to the accounts of such participants that have accounts with the Depository or its nominee

("Participants"). Such accounts are typically designated by the underwriters, dealers or agents participating in the distribution of the debt securities or by the Company if such debt securities are offered and sold directly by the Company. Ownership of beneficial interests in a Global Security will be limited to Participants or persons that may hold beneficial interests through Participants. With respect to the interests of Participants, ownership of beneficial interests in a Global Security will be shown on, and the transfer of that ownership will be effected only through records maintained by the Depository or its nominee. With respect to the interests of persons other than Participants, ownership of beneficial interests in a Global Security will be shown on, and the transfer of that ownership will be effected only through records maintained by Participants or persons that hold through Participants.

So long as the Depository for a Global Security, or its nominee, is the registered owner of such Global Security, such Depository or such nominee, as the case may be, will be considered the sole owner or holder of the debt securities represented by such Global Security for all purposes under the applicable Trust Indenture and payments of principal, premium, if any, and interest, if any, on the debt securities represented by a Global Security will be made by the Company to the Depository or its nominee. The Company expects that the Depository or its nominee, upon receipt of any payment of principal, premium, if any, or interest, if any, will credit Participants' accounts with payments in amounts proportionate to their respective beneficial interests in the principal amount of the Global Security as shown on the records of such Depository or its nominee. The Company also expects that payments by Participants to owners of beneficial interests in a Global Security held through such Participants will be governed by standing instructions and customary practices and will be the responsibility of such Participants.

Conveyance of notices and other communications by the Depository to direct Participants, by direct Participants to indirect Participants and by direct and indirect Participants to beneficial owners will be governed by arrangements among them, subject to any statutory or regulatory requirements as may be in effect from time to time. Beneficial owners of debt securities may wish to take certain steps to augment transmission to them of notices of significant events with respect to the debt securities, such as redemptions, tenders, defaults and proposed amendments to the Trust Indenture.

Owners of beneficial interests in a Global Security will not be entitled to have the debt securities represented by such Global Security registered in their names, will not receive or be entitled to receive physical delivery of such debt securities in certificated non-book-entry form, and will not be considered the owners or holders thereof under the applicable Trust Indenture, and the ability of a holder to pledge a debt security or otherwise take action with respect to such holder's interest in a debt security (other than through a Participant) may be limited due to the lack of a physical certificate.

No Global Security may be exchanged in whole or in part for debt securities registered, and no transfer of a Global Security in whole or in part may be registered, in the name of any person other than the Depository for such Global Security or any nominee of such Depository unless: (i) the Depository is no longer willing or able to discharge properly its responsibilities as depository and the Company is unable to locate a qualified successor; (ii) the Company at its option elects, or is required by law, to terminate the book-entry system through the Depository or the book-entry system ceases to exist; or (iii) if provided for in the Trust Indenture, after the occurrence of an event of default thereunder (provided the Trustee has not waived the event of default in accordance with the terms of the Trust Indenture), Participants acting on behalf of beneficial holders representing, in aggregate, a threshold percentage of the aggregate principal amount of the debt securities then outstanding advise the Depository in writing that the continuation of a book-entry system through the Depository is no longer in their best interest.

If one of the foregoing events occurs, such Global Security shall be exchanged for certificated non-book-entry debt securities of the same series in an aggregate principal amount equal to the principal amount of such Global Security and registered in such names and denominations as the Depository may direct.

The Company, any underwriters, dealers or agents and any Trustee identified in an accompanying prospectus supplement, as applicable, will not have any liability or responsibility for (i) records maintained by the Depository relating to beneficial ownership interests in the debt securities held by the Depository or the book-entry accounts maintained by the Depository, (ii) maintaining, supervising or reviewing any

records relating to any such beneficial ownership interests, or (iii) any advice or representation made by or with respect to the Depository and contained in this Prospectus or in any prospectus supplement or Trust Indenture with respect to the rules and regulations of the Depository or at the direction of Depository Participants.

Unless otherwise stated in the applicable prospectus supplement, CDS Clearing and Depository Services Inc. or its successor will act as Depository for any debt securities represented by a Global Security.

### ***Debt Securities in Certificated Form***

A series of the debt securities may be issued in definitive form, solely as registered securities, solely as unregistered securities or as both registered securities and unregistered securities. Unless otherwise indicated in the applicable prospectus supplement, unregistered securities will have interest coupons attached.

In the event that the debt securities are issued in certificated non-book-entry form, and unless otherwise indicated in the applicable prospectus supplement, payment of principal, premium, if any, and interest, if any, on the debt securities (other than a Global Security) will be made at the office or agency of the Trustee or, at the option of the Company, by the Company by way of cheque mailed or delivered to the address of the person entitled at the address appearing in the security register of the Trustee or electronic funds wire or other transmission to an account of the person entitled to receive such payments. Unless otherwise indicated in the applicable prospectus supplement, payment of interest, if any, will be made to the persons in whose name the debt securities are registered at the close of business on the day or days specified by the Company.

At the option of the holder of debt securities, registered securities of any series will be exchangeable for other registered securities of the same series, of any authorized denomination and of a like aggregate principal amount and tenor. If, but only if, provided in an applicable prospectus supplement, unregistered securities (with all unmatured coupons, except as provided below, and all matured coupons in default) of any series may be exchanged for registered securities of the same series, of any authorized denominations and of a like aggregate principal amount and tenor. In such event, unregistered securities surrendered in a permitted exchange for registered securities between a regular record date or a special record date and the relevant date for payment of interest shall be surrendered without the coupon relating to such date for payment of interest, and interest will not be payable on such date for payment of interest in respect of the registered security issued in exchange for such unregistered security, but will be payable only to the holder of such coupon when due in accordance with the terms of the Trust Indenture. Unless otherwise specified in an applicable prospectus supplement, unregistered securities will not be issued in exchange for registered securities.

The applicable prospectus supplement may indicate the places to register a transfer of the debt securities in definitive form. Except for certain restrictions to be set forth in the Trust Indenture, no service charge will be payable by the holder for any registration of transfer or exchange of the debt securities in definitive form, but the Company may, in certain instances, require a sum sufficient to cover any tax or other governmental charges payable in connection with these transactions.

## **DESCRIPTION OF WARRANTS**

### **General**

This section describes the general terms that will apply to any warrants for the purchase of Common Shares, or equity warrants, or for the purchase of debt securities, or debt warrants.

We may issue warrants independently or together with other securities, and warrants sold with other securities may be attached to or separate from the other securities. Warrants will be issued under one or



more warrant indentures or agency agreements to be entered into by us and one or more banks or trust companies acting as warrant agent.

The Company will deliver an undertaking to the securities regulatory authority in each of the provinces of Alberta, British Columbia and Ontario, that it will not distribute warrants that, according to their terms as described in the applicable prospectus supplement, are "novel" specified derivatives, within the meaning of Canadian securities legislation, separately to any member of the public in Canada, unless the offering is in connection with and forms part of the consideration for an acquisition or merger transaction or unless such prospectus supplement containing the specific terms of the warrants to be distributed separately is first approved by or on behalf of the securities commissions or similar regulatory authorities in each of the provinces of Alberta, British Columbia and Ontario where the warrants will be distributed.

This summary of some of the provisions of the warrants is not complete. The statements made in this Prospectus relating to any warrant agreement and warrants to be issued under this Prospectus are summaries of certain anticipated provisions thereof and do not purport to be complete and are subject to, and are qualified in their entirety by reference to, all provisions of the applicable warrant agreement. You should refer to the warrant indenture or warrant agency agreement relating to the specific warrants being offered for the complete terms of the warrants. A copy of any warrant indenture or warrant agency agreement relating to an offering or warrants will be filed by the Company with the securities regulatory authorities in the applicable Canadian offering jurisdictions after we have entered into it, and will be available electronically on SEDAR at [www.sedar.com](http://www.sedar.com).

The applicable prospectus supplement relating to any warrants that we offer will describe the particular terms of those warrants and include specific terms relating to the offering.

Original purchasers of warrants (if offered separately) will have a contractual right of rescission against us in respect of the exercise of such warrant. The contractual right of rescission will entitle such original purchasers to receive, upon surrender of the underlying securities acquired upon exercise of the warrant, the total of the amount paid on original purchase of the warrant and the amount paid upon exercise, in the event that this Prospectus (as supplemented or amended) contains a misrepresentation, provided that: (i) the exercise takes place within 180 days of the date of the purchase of the warrant under the applicable prospectus supplement; and (ii) the right of rescission is exercised within 180 days of the date of purchase of the warrant under the applicable prospectus supplement. This contractual right of rescission will be consistent with the statutory right of rescission described under section 131 of the *Securities Act* (British Columbia), and is in addition to any other right or remedy available to original purchasers under section 131 of the *Securities Act* (British Columbia) or otherwise at law.

In an offering of warrants, or other convertible securities, original purchasers are cautioned that the statutory right of action for damages for a misrepresentation contained in the Prospectus is limited, in certain provincial securities legislation, to the price at which the warrants, or other convertible securities, are offered to the public under the Prospectus offering. This means that, under the securities legislation of certain provinces, if the purchaser pays additional amounts upon conversion, exchange or exercise of such securities, those amounts may not be recoverable under the statutory right of action for damages that applies in those provinces. 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 advisor.

## **Equity Warrants**

The particular terms of each issue of equity warrants will be described in the applicable prospectus supplement. This description will include, where applicable:

- the designation and aggregate number of equity warrants;
- the price at which the equity warrants will be offered;
- the currency or currencies in which the equity warrants will be offered;

- the date on which the right to exercise the equity warrants will commence and the date on which the right will expire;
- the number of Common Shares that may be purchased upon exercise of each equity warrant and the price at which and currency or currencies in which the Common Shares may be purchased upon exercise of each equity warrant;
- the terms of any provisions allowing or providing for adjustments in (i) the number and/or class of shares that may be purchased, (ii) the exercise price per share or (iii) the expiry of the equity warrants;
- whether we will issue fractional shares;
- whether we have applied to list the equity warrants or the underlying shares on a stock exchange;
- the designation and terms of any securities with which the equity warrants will be offered, if any, and the number of the equity warrants that will be offered with each security;
- the date or dates, if any, on or after which the equity warrants and the related securities will be transferable separately;
- whether the equity warrants will be subject to redemption or call and, if so, the terms of such redemption or call provisions;
- material Canadian federal income tax consequences of owning the equity warrants;
- any terms, procedures and limitations relating to the transferability, exchange or exercise of the equity warrants; and
- any other material terms or conditions of the equity warrants.

## **Debt Warrants**

The particular terms of each issue of debt warrants will be described in the related prospectus supplement. This description will include, where applicable:

- the designation and aggregate number of debt warrants;
- the price at which the debt warrants will be offered;
- the currency or currencies in which the debt warrants will be offered;
- the designation and terms of any securities with which the debt warrants are being offered, if any, and the number of the debt warrants that will be offered with each security;
- the date or dates, if any, on or after which the debt warrants and the related securities will be transferable separately;
- the principal amount and designation of debt securities that may be purchased upon exercise of each debt warrant and the price at which and currency or currencies in which that principal amount of debt securities may be purchased upon exercise of each debt warrant;
- the date on which the right to exercise the debt warrants will commence and the date on which the right will expire;
- the minimum or maximum amount of debt warrants that may be exercised at any one time;
- whether the debt warrants will be subject to redemption or call, and, if so, the terms of such redemption or call provisions;
- material Canadian federal income tax consequences of owning the debt warrants;
- whether we have applied to list the debt warrants or the underlying debt securities on an exchange;
- any terms, procedures and limitations relating to the transferability, exchange or exercise of the debt warrants; and
- any other material terms or conditions of the debt warrants.

Prior to the exercise of their warrants, holders of warrants will not have any of the rights of holders of the securities subject to the warrants.

## **DESCRIPTION OF UNITS**

PNRG may issue units, which may consist of one or more of Common Shares, warrants or any other security specified in the relevant prospectus supplement. Each unit will be issued so that the holder of the

unit is also the holder of each of the securities included in the unit. In addition, the relevant prospectus supplement relating to an offering of units will describe all material terms of any units offered, including, as applicable:

- the designation and aggregate number of units being offered;
- the price at which the units will be offered;
- the designation, number and terms of the securities comprising the units and any agreement governing the units;
- the date or dates, if any, on or after which the securities comprising the units will be transferable separately;
- whether we will apply to list the units or any of the individual securities comprising the units on any exchange;
- material Canadian income tax consequences of owning the units, including, how the purchase price paid for the units will be allocated among the securities comprising the units; and
- any other material terms or conditions of the units.

### DESCRIPTION OF SUBSCRIPTION RECEIPTS

We may issue subscription receipts separately or in combination with one or more other securities, which will entitle holders thereof to receive, upon satisfaction of certain release conditions (the "**Release Conditions**") and for no additional consideration, Common Shares, warrants, debt securities or any combination thereof. Subscription receipts will be issued pursuant to one or more subscription receipt agreements (each, a "**Subscription Receipt Agreement**"), the material terms of which will be described in the applicable prospectus supplement, each to be entered into between the Company and an escrow agent (the "**Escrow Agent**") that will be named in the relevant prospectus supplement. Each Escrow Agent will be a financial institution organized under the laws of Canada or a province thereof and authorized to carry on business as a trustee. If underwriters or agents are used in the sale of any subscription receipts, one or more of such underwriters or agents may also be a party to the Subscription Receipt Agreement governing the subscription receipts sold to or through such underwriter or agent.

The following description sets forth certain general terms and provisions of subscription receipts that may be issued hereunder and is not intended to be complete. The statements made in this Prospectus relating to any Subscription Receipt Agreement and subscription receipts to be issued thereunder are summaries of certain anticipated provisions thereof and are subject to, and are qualified in their entirety by reference to, all provisions of the applicable Subscription Receipt Agreement. Prospective investors should refer to the Subscription Receipt Agreement relating to the specific subscription receipts being offered for the complete terms of the subscription receipts. We will file a copy of any Subscription Receipt Agreement relating to an offering of subscription receipts with the applicable securities regulatory authorities in Canada after it has been entered into it.

#### General

The prospectus supplement and the Subscription Receipt Agreement for any subscription receipts that we may offer will describe the specific terms of the subscription receipts offered. This description may include, but may not be limited to, any of the following, if applicable:

- the designation and aggregate number of subscription receipts being offered;
- the price at which the subscription receipts will be offered;
- the designation, number and terms of the Common Shares, warrants and/or debt securities to be received by the holders of subscription receipts upon satisfaction of the Release Conditions, and any procedures that will result in the adjustment of those numbers;
- the Release Conditions that must be met in order for holders of subscription receipts to receive, for no additional consideration, the Common Shares, warrants and/or debt securities;
- the procedures for the issuance and delivery of the Common Shares, warrants and/or debt securities to holders of subscription receipts upon satisfaction of the Release Conditions;

- whether any payments will be made to holders of subscription receipts upon delivery of the Common Shares, warrants and/or debt securities upon satisfaction of the Release Conditions;
- the identity of the Escrow Agent;
- the terms and conditions under which the Escrow Agent will hold all or a portion of the gross proceeds from the sale of subscription receipts, together with interest and income earned thereon (collectively, the "**Escrowed Funds**"), pending satisfaction of the Release Conditions;
- the terms and conditions pursuant to which the Escrow Agent will hold the Common Shares, warrants and/or debt securities pending satisfaction of the Release Conditions;
- the terms and conditions under which the Escrow Agent will release all or a portion of the Escrowed Funds to the Company upon satisfaction of the Release Conditions;
- if the subscription receipts are sold to or through underwriters or agents, the terms and conditions under which the Escrow Agent will release a portion of the Escrowed Funds to such underwriters or agents in payment of all or a portion of their fees or commissions in connection with the sale of the subscription receipts;
- procedures for the refund by the Escrow Agent to holders of subscription receipts of all or a portion of the subscription price of their subscription receipts, plus any pro rata entitlement to interest earned or income generated on such amount, if the Release Conditions are not satisfied;
- any contractual right of rescission to be granted to initial purchasers of subscription receipts in the event that this Prospectus, the prospectus supplement under which such subscription receipts are issued or any amendment hereto or thereto contains a misrepresentation;
- any entitlement of PNRG to purchase the subscription receipts in the open market by private agreement or otherwise;
- whether we will issue the subscription receipts as global securities and, if so, the identity of the depository for the global securities;
- whether we will issue the subscription receipts as unregistered bearer securities, as registered securities or both;
- provisions as to modification, amendment or variation of the Subscription Receipt Agreement or any rights or terms of the subscription receipts, including upon any subdivision, consolidation, reclassification or other material change of the Common Shares or other PNRG securities, any other reorganization, amalgamation, merger or sale of all or substantially all of the Company's assets or any distribution of property or rights to all or substantially all of the holders of Common Shares;
- whether we will apply to list the subscription receipts on any exchange;
- material Canadian federal income tax consequences of owning the subscription receipts; and
- any other material terms or conditions of the subscription receipts.

Original purchasers of subscription receipts will have a contractual right of rescission against us in respect of the conversion of the subscription receipts. The contractual right of rescission will entitle such original purchasers to receive the amount paid on original purchase of the subscription receipts upon surrender of the underlying securities gained thereby, in the event that this Prospectus (as supplemented or amended) contains a misrepresentation, provided that: (i) the conversion takes place within 180 days of the date of the purchase of the subscription receipts under this Prospectus; and (ii) the right of rescission is exercised within 180 days of the date of purchase of the subscription receipts under this Prospectus. This contractual right of rescission will be consistent with the statutory right of rescission described under section 131 of the *Securities Act* (British Columbia), and is in addition to any other right or remedy available to original purchasers under section 131 of the *Securities Act* (British Columbia) or otherwise at law.

### **Rights of Holders of Subscription Receipts Prior to Satisfaction of Release Conditions**

The holders of subscription receipts will not be, and will not have the rights of, shareholders of PNRG. Holders of subscription receipts are entitled only to receive Common Shares, warrants and/or debt securities on exchange of their subscription receipts, plus any cash payments, if any, all as provided for under the Subscription Receipt Agreement and only once the Release Conditions have been satisfied. If the Release Conditions are not satisfied, holders of subscription receipts shall be entitled to a refund of all or a portion of the subscription price therefor and their pro rata share of interest earned or income generated

thereon, if provided for in the Subscription Receipt Agreement, all as provided in the Subscription Receipt Agreement.

### **Escrow**

The Subscription Receipt Agreement will provide that the Escrowed Funds will be held in escrow by the Escrow Agent, and such Escrowed Funds will be released to the Company (and, if the subscription receipts are sold to or through underwriters or agents, a portion of the Escrowed Funds may be released to such underwriters or agents in payment of all or a portion of their fees in connection with the sale of the subscription receipts) at the time and under the terms specified by the Subscription Receipt Agreement. If the Release Conditions are not satisfied, holders of subscription receipts will receive a refund of all or a portion of the subscription price for their subscription receipts, plus their pro-rata entitlement to interest earned or income generated on such amount, if provided for in the Subscription Receipt Agreement, in accordance with the terms of the Subscription Receipt Agreement. Common Shares, warrants and or debt securities may be held in escrow by the Escrow Agent and will be released to the holders of subscription receipts following satisfaction of the Release Conditions at the time and under the terms specified in the Subscription Receipt Agreement.

### **Modifications**

The Subscription Receipt Agreement will specify the terms upon which modifications and alterations to the subscription receipts issued thereunder may be made by way of a resolution of holders of subscription receipts at a meeting of such holders or consent in writing from such holders. The number of holders of subscription receipts required to pass such a resolution or execute such a written consent will be specified in the Subscription Receipt Agreement.

The Subscription Receipt Agreement will also specify that we may amend any Subscription Receipt Agreement and the subscription receipts without the consent of the holders of the subscription receipts to cure any ambiguity, to cure, correct or supplement any defective or inconsistent provision or in any other manner that will not materially and adversely affect the interests of the holders of outstanding subscription receipts or as otherwise specified in the Subscription Receipt Agreement.

## **DESCRIPTION OF SHARE PURCHASE CONTRACTS**

We may issue share purchase contracts, representing contracts obligating holders to purchase from or sell to us, and obligating us to purchase from or sell to the holders, a specified number of Common Shares, as applicable, at a future date or dates, and including by way of instalment.

The price per Common Share and the number of Common Shares, as applicable, may be fixed at the time the share purchase contracts are issued or may be determined by reference to a specific formula or method set forth in the share purchase contracts. We may issue share purchase contracts in accordance with applicable laws and in such amounts and in as many distinct series as we may determine.

The share purchase contracts may be issued separately or as part of units consisting of a share purchase contract and beneficial interest in debt securities, or debt obligations of third parties, including U.S. treasury securities or obligations of our subsidiaries, securing the holders' obligations to purchase the Common Shares under the share purchase contracts, which we refer to in this Prospectus as share purchase units. The share purchase contracts may require the Company to make periodic payments to the holders of the share purchase units, or vice versa, and these payments may be unsecured or refunded and may be paid on a current or deferred basis. The share purchase contracts may require holders to secure their obligations under those contracts in a specified manner.

Holders of share purchase contracts are not shareholders of the Company. The particular terms and provisions of share purchase contracts offered by any prospectus supplement, and the extent to which the general terms and provisions described below may apply to them, will be described in the prospectus

supplement filed in respect of such share purchase contracts. This description will include, where applicable: (i) whether the share purchase contracts obligate the holder to purchase or sell, or both purchase and sell, Common Shares, as applicable, and the nature and amount of those securities, or the method of determining those amounts; (ii) whether the share purchase contracts are to be prepaid or paid in instalments; (iii) any conditions upon which the purchase or sale will be contingent and the consequences if such conditions are not satisfied; (iv) whether the share purchase contracts are to be settled by delivery, or by reference or linkage to the value or performance of Common Shares; (v) any acceleration, cancellation, termination or other provisions relating to the settlement of the share purchase contracts; (vi) the date or dates on which the sale or purchase must be made, if any; (vii) whether the share purchase contracts will be issued in fully registered or global form; (viii) the material Canadian income tax consequences of owning, holding and disposing of the share purchase contracts; and (ix) any other material terms and conditions of the share purchase contracts including, without limitation, transferability and adjustment terms and whether the share purchase contracts will be listed on a stock exchange.

Original purchasers of share purchase contracts will be granted a contractual right of rescission against the Company in respect of the conversion, exchange or exercise of such share purchase contract. The contractual right of rescission will entitle such original purchasers to receive the amount paid upon conversion, exchange or exercise, upon surrender of the underlying securities gained thereby, in the event that this Prospectus (as supplemented or amended) contains a misrepresentation, provided that: (i) the conversion, exchange or exercise takes place within 180 days of the date of the purchase of the convertible, exchangeable or exercisable security under this Prospectus; and (ii) the right of rescission is exercised within 180 days of the date of the purchase of the convertible, exchangeable or exercisable security under this Prospectus. This contractual right of rescission will be consistent with the statutory right of rescission described under section 131 of the *Securities Act* (British Columbia), and is in addition to any other right or remedy available to original purchasers under section 131 of the *Securities Act* (British Columbia) or otherwise at law.

## PLAN OF DISTRIBUTION

The Company or any Selling Securityholder may sell securities offered by this Prospectus for cash or other consideration (i) to or through underwriters, dealers, placement agents or other intermediaries, (ii) directly to one or more purchasers or (iii) in connection with acquisitions of assets or shares of another entity or company. The consideration for an acquisition of assets or shares of another entity or company may consist of any of the securities covered hereby separately, a combination of such securities or any combination of, among other things, securities, cash or the assumption of liabilities.

Each prospectus supplement with respect to our securities being offered will set forth the terms of the offering, including:

- the person offering the securities (the Company and/or any Selling Securityholder(s));
- the name or names of any underwriters, dealers or other placement agents;
- the number and the purchase price of, and form of consideration for, our securities;
- any proceeds to the Company or any Selling Securityholder from such sale; and
- any commissions, fees, discounts and other items constituting underwriters', dealers' or agents' compensation.

Our securities may be sold, from time to time, in one or more transactions at a fixed price or prices which may be changed or at market prices prevailing at the time of sale, at prices related to such prevailing market price or at negotiated prices. The prices at which the securities may be offered may vary as between purchasers and during the period of distribution. If, in connection with the offering of securities at a fixed price or prices, the underwriters have made a *bona fide* effort to sell all of the securities at the initial offering price fixed in the applicable prospectus supplement, the public offering price may be decreased and thereafter further changed, from time to time, to an amount not greater than the initial offering price fixed in such prospectus supplement, in which case the compensation realized by the underwriters will be

decreased by the amount that the aggregate price paid by purchasers for the securities is less than the gross proceeds paid by the underwriters to the Company or any Selling Securityholder.

Only underwriters named in the prospectus supplement are deemed to be underwriters in connection with our securities offered by that prospectus supplement.

Under agreements which may be entered into by the Company and any Selling Securityholder, underwriters, dealers and agents who participate in the distribution of our securities may be entitled to indemnification by the Company against certain liabilities, including liabilities under applicable Canadian securities legislation, or to contribution with respect to payments which such underwriters, dealers or agents may be required to make in respect thereof. The underwriters, dealers and agents with whom we enter into agreements may be customers of, engage in transactions with or perform services for, the Company in the ordinary course of business.

In connection with any offering of our securities, the underwriters may over-allot or effect transactions which stabilize or maintain the market price of our securities offered at a level above that which might otherwise prevail in the open market. Such transactions, if commenced, may be discontinued at any time.

### **CERTAIN CANADIAN FEDERAL INCOME TAX CONSIDERATIONS**

The applicable prospectus supplement may describe certain Canadian federal income tax consequences to an investor who is a non-resident of Canada or to an investor who is a resident of Canada of acquiring, owning and disposing of any of our securities offered thereunder. Investors should read the tax discussion in any prospectus supplement with respect to a particular offering and consult their own tax advisors with respect to their own particular circumstances.

### **LEGAL MATTERS**

Certain legal matters related to our securities offered by this Prospectus will be passed upon on our behalf by DLA Piper (Canada) LLP, with respect to matters of Canadian law.

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

The auditor of the Company is Baker Tilly WM LLP. Baker Tilly WM LLP is independent with respect to the Company within the meaning of the Rules of Professional Conduct of the Chartered Professional Accounts of British Columbia.

The transfer agent and registrar for the Company's Common Shares in Canada is Computershare Trust Company of Canada, with its principal office in Vancouver, British Columbia.

### **INTEREST OF EXPERTS**

Technical information regarding the Green Energy Property included or incorporated by reference in this Prospectus is based on the Green Energy Technical Report prepared by Bradley C. Peek, MSc., CPG, who is a "Qualified Person" as such term is defined in National Instrument 43-101 – *Standards of Disclosure for Mineral Projects*. Mr. Peek is independent of the Company within the meaning of NI 43-101 and has taken responsibility for all sections of the Green Energy Technical Report.

Technical information regarding the Big Mack Property included in this Prospectus is based on the Big Mack Technical Report prepared by Craig Ravnaas, P.Geo., who is a "Qualified Person" as such term is defined in National Instrument 43-101 – *Standards of Disclosure for Mineral Projects*. Mr. Ravnaas is independent of the Company within the meaning of NI 43-101 and has taken responsibility for all sections of the Big Mack Technical Report.

Technical information regarding the Horizon Property included in this Prospectus has been reviewed and approved by Tabetta Stirrett who is a “Qualified Person” as such term is defined in National Instrument 43-101 – *Standards of Disclosure for Mineral Projects*. Ms. Stirrett is independent of the Company within the meaning of NI 43-101.

To the knowledge of the Company, none of Mr. Peek, Mr. Ravnaas or Ms. Stirrett held, at the time they prepared or certified such statement, report or valuation, received after such time or will receive any registered or beneficial interest, direct or indirect, in any securities or other property of the Company or one of the Company's associates or affiliates. In addition, none of the aforementioned persons are currently expected to be elected, appointed or employed as a director, officer or employee of the Company or of any associate or affiliate of the Company.

### **ENFORCEMENT OF JUDGEMENTS**

Bradley C. Peek, MSc., CPG, the qualified person responsible Green Energy Technical Report, resides outside of Canada and has appointed DLA Piper (Canada) LLP of Suite 2800, Park Place, 666 Burrard Street, Vancouver, BC V6C 2Z7 for service of process in Canada. Purchasers are advised that it may not be possible for investors to enforce judgments obtained in Canada against any person or company that is incorporated, continued or otherwise organized under the laws of a foreign jurisdiction or resides outside of Canada, even if the party has appointed an agent for service of process.

### **STATUTORY RIGHTS OF WITHDRAWAL AND RESCISSION**

Securities legislation in certain of the provinces of Canada 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 or a prospectus supplement relating to the securities purchased by a purchaser and any amendments thereto. In several of the provinces, the securities legislation further provides a purchaser with remedies for rescission or, in some jurisdictions, revision of the price or damages if the prospectus or a prospectus supplement relating to the securities purchased by a purchaser or any amendment thereto contained a misrepresentation or was not delivered to the purchaser, provided that the remedies for recession, revision of the price 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.

In an offering of warrants, or other convertible, exchangeable or exercisable securities, investors are cautioned that the statutory right of action for damages under Canadian securities laws for a misrepresentation contained in the prospectus or a prospectus supplement (or any amendment thereto) is limited, in certain provincial securities legislation, to the price at which the warrants, or other convertible, exchangeable or exercisable securities, are offered to the public under the prospectus offering. This means that, under the securities legislation of certain provinces, if the purchaser pays additional amounts upon conversion, exchange or exercise of such securities, those amounts may not be recoverable under the statutory right of action for damages that applies in those provinces. 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 advisor.

### **PROMOTER**

Jason Latkowcer may be characterized as a promoter of the Company. Mr. Latkowcer holds 200,000 Common Shares (representing approximately 0.45% of the issued and outstanding Common Shares, on a non-diluted basis, on the date hereof), 250,000 Options (representing approximately 13.5% of the issued and outstanding Options on the date hereof) and 1,000,000 RSUs (representing approximately 27.8% of the issued and outstanding RSUs on the date hereof).



Mr. Latkowcer (through his controlled company, JMLevate Consulting Inc.) entered into a standard form executive consulting agreement with the Company on May 1, 2021 (the “**Latkowcer Agreement**”), pursuant to which he agrees to provide the Company with the services associated with serving as the Chief Executive Officer of the Company, and as compensation receives \$12,000 per month of services rendered (plus applicable taxes). Mr. Latkowcer is also eligible for annual cash or Common Share bonuses, at the discretion of the Board, based on Mr. Latkowcer and the Company’s annual performance, and for the reimbursement of expenses associated with Mr. Latkowcer’s performance of his duties. Pursuant to the Latkowcer Agreement, Mr. Latkowcer earned a cash bonus of \$6,000 upon the listing of the Common Shares on the CSE and received an inducement grant of 1,000,000 RSUs.

For additional information about Mr. Latkowcer and his relationship with the Company, please see the sections entitled “Directors and Officers” and “Executive Compensation” in the Company’s AIF, which is incorporated by reference herein.

**CERTIFICATE OF THE COMPANY**

Dated: February 17, 2023

This short form base shelf prospectus, together with the documents incorporated by reference, constitutes full, true and plain disclosure of all material facts relating to the securities offered by this short form base shelf prospectus as required by the securities legislation of each of the provinces of Alberta, British Columbia and Ontario.

\_\_\_\_\_  
(signed) "*Jason Latkowcer*"  
Chief Executive Officer

\_\_\_\_\_  
(signed) "*Paul More*"  
Chief Financial Officer

**On Behalf of the Board of Directors**

\_\_\_\_\_  
(signed) "*Sean Kingsley*"  
Director

\_\_\_\_\_  
(signed) "*William Gibbs*"  
Director

## CERTIFICATE OF THE PROMOTER

Dated: February 17, 2023

This short form base shelf prospectus, together with the documents incorporated by reference, constitutes full, true and plain disclosure of all material facts relating to the securities offered by this short form base shelf prospectus as required by the securities legislation of each of the provinces of Alberta, British Columbia and Ontario.

(signed) "Jason Latkowcer"  
Jason Latkowcer, Promoter