

**AMERICAN PACIFIC MINING CORP.**

**ANNUAL INFORMATION FORM**

**FOR THE FINANCIAL YEAR ENDED DECEMBER 31, 2018**

**DATED AS OF MAY 22, 2019**

**SUITE 910 - 510 BURRARD STREET  
VANCOUVER, B.C.  
V6C 3A8**

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## GLOSSARY OF TERMS

The following is a glossary of certain general terms used in this AIF, including the summary hereof. Terms and abbreviations used in the financial statements and management's discussion and analysis included in, or appended to this AIF are defined separately and the terms and abbreviations defined below are not used therein, except where otherwise indicated. Words importing the singular, where the context requires, include the plural and vice versa and words importing any gender include all genders.

**"AAA"** means AAA Equity Holdings Corp.

**"AAA Assignment"** has the meaning ascribed thereto under "*Business Description – JPL Project, Esmeralda County, Nevada, U.S.*".

**"AIF"** means this Annual Information Form dated May 22, 2019.

**"APM (US)"** means American Pacific Mining (US) Inc., APM's wholly owned subsidiary.

**"Author"** means Ernest L. "Buster" Hunsaker III, CPG 8137 of Hunsaker Inc., the author of the Technical Report.

**"BLM"** means U.S. Department of Interior – Bureau of Land Management.

**"Board"** means the Board of Directors of the Company.

**"CEO"** means Chief Executive Officer.

**"CFO"** means Chief Financial Officer.

**"Common Share", "Share" or "APM Share"** means a common share in the capital of the Company, which includes the Seed Shares.

**"company"** means unless specifically indicated otherwise, a corporation, incorporated association or organization, body corporate, partnership, trust, association or other entity other than an individual.

**"Company" or "APM"** means American Pacific Mining Corp., a company organized under the laws of British Columbia.

**"Curellie"** means Curellie LLC.

**"Debentures"** means the convertible debentures issued by the Company on December 22, 2017 and January 5, 2018 in the aggregate principal amount of \$969,000, which were deemed exercised into Common Shares at a conversion price equal to CDN \$0.10 per Common Share on the Listing Date.

**"Escrow Agent"** means TMX Trust Company.

**"Escrow Agreement"** means the NP 46-201 escrow agreement entered into on March 2, 2018 among the Company, the Escrow Agent and various Principals and shareholders of the Company in connection with the Listing.

**"Exchange" or "CSE"** means the Canadian Securities Exchange.

**“February 2019 Financing”** has the meaning ascribed thereto under *General Development of the Business – Three Year History – Subsequent to Year Ended December 28, 2018*.

**“Finder’s Warrant”** means a Warrant issued to a finder pursuant to a finder’s fee.

**“Form 51-102F6”** means Form 51-102F6 Statement of Executive Compensation.

**“Gooseberry Property”** has the meaning ascribed thereto under *“Business Description – Non-Material Mineral Properties – Gooseberry Mine, Storey, Nevada, U.S.”*.

**“Indicated Mineral Resource”** has the meaning ascribed thereto under *“Resource Category (Classification) Definitions”*).

**“Inferred Mineral Resource”** has the meaning ascribed thereto under *“Resource Category (Classification) Definitions”*).

**“Irrevocable Payment Obligation”** has the meaning ascribed thereto under *“Business Description – Earn-In Agreement with OceanaGold”*.

**“JPL Option Agreement”** has the meaning ascribed thereto under *“Business Description – JPL Project, Esmeralda County, Nevada, U.S.”*.

**“JPL Property”** has the meaning ascribed thereto under *“Business Description – Non-Material Mineral Properties – JPL Project, Esmeralda County, Nevada, U.S.”*.

**“JPL Option”** has the meaning ascribed thereto under *“Business Description – Non-Material Mineral Properties – JPL Project, Esmeralda County, Nevada, U.S.”*.

**“JV Agreement”** has the meaning ascribed thereto under *“Business Description – Earn-In Agreement with OceanaGold”*.

**“Listing”** means the listing of the Company’s Common Shares on the CSE under the trading symbol “USGD”.

**“Listing Date”** means the date of Listing, being March 8, 2018.

**“Measured Mineral Resource”** has the meaning ascribed thereto under *“Resource Category (Classification) Definitions”*).

**“Mineral Reserve”** has the meaning ascribed thereto under *“Resource Category (Classification) Definitions”*).

**“Mineral Resource”** has the meaning ascribed thereto under *“Resource Category (Classification) Definitions”*).

**“NI 43-101”** means National Instrument 43-101 – *Standards of Disclosure for Mineral Properties*.

**“NI 52-110”** means National Instrument 52-110 – *Audit Committees of the Canadian Securities Administrators*.

**“Novo”** means Novo Resources (USA) Corp.

**“NP 46-201”** means National Policy 46-201 – *Escrow for Initial Public Offerings*.

**“OceanaGold”** means OceanaGold U.S. Holdings Inc., a U.S. subsidiary of OceanaGold Corp.

**“OceanaGold Earn-In agreement”** has the meaning ascribed thereto under *“Business Description – Earn-In Agreement with OceanaGold”*.

**“OceanaGold Option Exercise Date”** has the meaning ascribed thereto under *“Business Description – Earn-In Agreement with OceanaGold”*.

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

**“Principal”** of an issuer means:

- (a) a person or company who acted as a promoter of the issuer within two years before the prospectus;
- (b) a director or senior officer of the issuer or any of its material operating subsidiaries at the time of the prospectus;
- (c) a 20% holder – a person or company that holds securities carrying more than 20% of the voting rights attached to the issuer’s outstanding securities immediately before and immediately after the issuer’s initial public offering; or
- (d) a 10% holder – a person or company that:
  - (i) holds securities carrying more than 10% of the voting rights attached to the issuer’s outstanding securities immediately before and immediately after the issuer’s initial public offering, and
  - (ii) has elected or appointed, or has the right to elect or appoint, one or more directors or senior officers of the issuer or any of its material operating subsidiaries.

**“Private Placement”** means the non-brokered private placement of the Company of 11,365,000 Special Warrants and 9,690,000 Debentures in the principal amount of \$969,000, which completed in two tranches on December 22, 2017 and January 5, 2018, which resulted in the deemed exercise of Special Warrants for 11,365,000 Common Shares and 5,682,500 Warrants, and the deemed exercise of Debentures for 9,690,000 Common Shares.

**“Probable Mineral Reserve”** has the meaning ascribed thereto under *“Resource Category (Classification) Definitions”*).

**“Proven Mineral Reserve”** has the meaning ascribed thereto under *“Resource Category (Classification) Definitions”*).

**“Qualified Person”** means an individual who:

- (a) is an engineer or geoscientist with at least five years of experience in mineral exploration, mine development or operation or mineral project assessment, or any combination of these;
- (b) has experience relevant to the subject matter of the Tuscarora Project and of the Technical Report; and
- (c) is in good standing with a professional association and, in the case of a foreign association listed in Appendix A of NI 43-101, has the corresponding designation in Appendix A of NI 43-101.

**“Seed Placement”** means the non-brokered private placement of the Company of 10,230,000 Common Shares for gross proceeds of \$506,500, which completed on October 25, 2017.

**“Seed Shares”** means the Common Shares issued to holders of Seed Shares under the Seed Placement.

**“Shareholders”** means holders of Common Shares.

**“South Lida Agreement”** means the claims purchase agreement dated July 1, 2017 among the Company, Davin Saderholm and the Vendors.

**“South Lida Property”** means the twelve claims located in Nevada, U.S. acquired by the Company pursuant to the South Lida Agreement.

**“Special Warrants”** means the special warrants issued by the Company at a price of \$0.25 per Special Warrant, pursuant to the Private Placement entitling the holder thereof to acquire, for no additional consideration, one Common Share and one-half of one Warrant.

**“Stock Option Plan”** means the 10% rolling share option plan of the Company to be adopted by the Board, and providing for the granting of incentive options to the Company’s directors, officers, employees and consultants in accordance with the rules and policies of the Exchange.

**“Technical Report”** means the report on the Tuscarora Project entitled “Technical Report Describing the Tuscarora Project Centered on 565568E/4573240N UTM WGS84 Zone 11N in Elko County, Nevada USA” prepared for the Company by the Author, in accordance with NI 43-101.

**“Tuscarora Option”** means the option granted to the Company by Novo to acquire a one hundred percent interest in the Tuscarora Property pursuant to the Option Agreement.

**“Tuscarora Option Agreement”** means the option agreement dated November 6, 2017 between the Company and Novo pursuant to which the Company was granted the Option.

**“Tuscarora Project”** or **“Tuscarora Property”** means the Company’s material property which consists of 24 claims covering approximately 447 acres within the Tuscarora Mining District in Elko County, Nevada.

**“United States”** or **“U.S.”** means the United States of America, its territories or its possessions, any state of the United States or the District of Columbia.

**“Warrant”** means a Common Share purchase warrant of the Company to purchase a Common Share in the capital of the Company.

**“Vendors”** means the vendors of the South Lida Property, namely, Eric Saderholm, Patricia Saderholm, Warwick Smith and Tarin Smith.

## PRELIMINARY NOTES

In this Annual Information Form (the **“AIF”**) American Pacific Mining Corp. is referred to as the **“Company”** or **“APM”**. All information in this AIF is as at December 31, 2018 unless otherwise indicated.

All dollar amounts are expressed in thousands of Canadian dollars unless otherwise indicated.

Common shares of the Company are referred to as **“Common Shares”**, the **“Shares”** or **“APM Shares”**.

## CAUTIONARY NOTE REGARDING FORWARD-LOOKING STATEMENTS

APM cautions readers regarding forward-looking statements found in this document and in any other statement made by, or on the behalf of the Company. Such statements may constitute “forward-looking information” within the meaning of applicable Canadian securities legislation. Forward-looking information involves statements that are not based on historical information but rather relate to future operations,

strategies, financial results or other developments. Forward-looking information is necessarily based upon estimates and assumptions, which are inherently subject to significant business, economic and competitive uncertainties and contingencies, many of which are beyond APM's control and many of which, regarding future business decisions, are subject to change. These uncertainties and contingencies can affect actual results and could cause actual results to differ materially from those expressed in any forward-looking statements made by or on the Company's behalf. Although APM has attempted to identify important factors that could cause actual actions, events or results to differ materially from those described in forward-looking information, there may be other factors that cause actions, events or results to differ from those anticipated, estimated or intended. All factors should be considered carefully and readers should not place undue reliance on APM's forward-looking information. Examples of such forward-looking information within this AIF include statements relating to: the future price of minerals, future capital expenditures, success of exploration activities, mining or processing issues, government regulation of mining operations and environmental risks. Generally, forward-looking information can be identified by the use of forward-looking terminology such as "expects", "estimates", "anticipates", or variations of such words and phrases (including negative and grammatical variations) or statements that certain actions, events or results "may", "could", "might" or "occur". Forward-looking information is made based on management's beliefs, estimates and opinions and are given only as of the date of this AIF. The Company undertakes no obligation to update forward-looking information if these beliefs, estimates and opinions or other circumstances should change, except as may be required by applicable law.

Forward-looking information reflects APM's current views with respect to expectations, beliefs, assumptions, estimates and forecasts about the Company's business and the industry and markets in which the Company operates. Forward-looking statements are not guarantees of future performance and involve risks, uncertainties and assumptions, which are difficult to predict. Assumptions underlying the Company's expectations regarding forward-looking statements or information contained in this AIF include, among others, the Company's ability to comply with applicable governmental regulations and standards, the Company's success in implementing its strategies, achieving the Company's business objectives, the Company's ability to raise sufficient funds from equity financings in the future to support its operations, and general business and economic conditions. The foregoing list of assumptions is not exhaustive.

Persons reading this AIF are cautioned that forward-looking statements are only predictions, and that the Company's actual future results or performance are subject to certain risks and uncertainties including:

- the estimation of Mineral Reserves and Mineral Resources (each as defined below under "*Resource Category (Classification) Definitions*");
- the realization of Mineral Reserve estimates;
- risks related to the Company's mineral properties being subject to prior unregistered agreements, transfers or claims and other defects in title;
- risks related to the Company's history of losses, which may continue in the future;
- risks related to increased competition and uncertainty related to additional financing that could adversely affect the Company's ability to attract necessary capital funding or obtain suitable properties for mineral exploration in the future;
- risks related to the Company's officers and directors becoming associated with other natural resource companies, which may give rise to conflicts of interest;
- uncertainty and volatility related to stock market prices and conditions;
- further equity financing(s), which may substantially dilute the interests of the Company's shareholders;
- risks relating to our exploration operations in Nevada;
- dependence on general economic, market or business conditions;

- changes in business strategies;
- environmental risks and remediation measures;
- changes in laws and regulations;
- Labour and employment, and dependence on key personnel and
- other factors described under the heading “*Risk Factors*” in this AIF.

**Material Risks and Assumptions:**

The forward-looking information in this AIF reflects our current views with respect to future events and are necessarily based upon a number of assumptions and estimates that, while considered reasonable by us, are inherently subject to significant business, economic, competitive, political and social uncertainties and contingencies. Many factors, both known and unknown, could cause actual results, performance or achievements to be materially different from the results, performance or achievements that are or may be expressed or implied by such forward-looking information contained in this AIF and documents incorporated by reference, and we have made assumptions based on or related to many of these factors.

Such factors include, without limitation:

- fluctuations in spot and forward markets for silver, gold, base metals and certain other commodities (such as natural gas, fuel oil and electricity)
- restrictions on mining in the jurisdictions in which we operate;
- laws and regulations governing our operation, exploration and development activities;
- our ability to obtain or renew the licenses and permits necessary for the operation and expansion of our existing operations and for the development, construction and commencement of new operations;
- risks and hazards associated with the business of mineral exploration, development and mining (including environmental hazards, potential unintended releases of contaminants, industrial accidents, unusual or unexpected geological or structural formations, pressures, cave-ins and flooding);
- inherent risks associated with tailings facilities and heap leach operations, including failure or leakages;
- the speculative nature of mineral exploration and development;
- the inability to determine, with certainty, production and cost estimates;
- inadequate or unreliable infrastructure (such as roads, bridges, power sources and water supplies);
- environmental regulations and legislation;
- the effects of climate change, extreme weather events, water scarcity, and seismic events, and the effectiveness of strategies to deal with these issues;
- our ability to continue our exploration operations in Nevada;
- the impact of fluctuations in currency markets (such as the U.S. dollar versus the Canadian dollar);
- the volatility of the metals markets, and its potential to impact our ability to meet our financial obligations;



- our ability to recruit and retain qualified personnel;
- employee relations;
- disputes as to the validity of mining or exploration titles or claims or rights, which constitute most of our property holdings;
- our ability to complete and successfully integrate acquisitions;
- increased competition in the mining industry for properties and equipment;
- limited supply of materials and supply chain disruptions;
- relations with and claims by indigenous populations;
- relations with and claims by local communities and non-governmental organizations;
- the effectiveness of our internal control over financial reporting;
- claims and legal proceedings arising in the ordinary course of business activities; and
- those factors identified under the caption "*Risks Factors*" in this AIF and the documents incorporated by reference herein, if any.

You should not attribute undue certainty to forward-looking information. Although we have attempted to identify important factors that could cause actual results to differ materially, there may be other factors that cause results not to be as described. We do not intend to update forward-looking information to reflect changes in assumptions or changes in circumstances or any other events affecting such information, other than as required by applicable law.

### RESOURCE CATEGORY (CLASSIFICATION) DEFINITIONS

The discussion of mineral deposit classifications in this AIF adheres to the mineral resource and mineral reserve definitions and classification criteria developed by the Canadian Institute of Mining, Metallurgy and Petroleum 2005. Estimated mineral resources fall into two broad categories dependent on whether the economic viability of them has been established and these are namely "resources" (potential for economic viability) and ore "reserves" (viable economic production is feasible). Resources are sub-divided into categories depending on the confidence level of the estimate based on level of detail of sampling and geological understanding of the deposit. The categories, from lowest confidence to highest confidence, are inferred mineral resource, indicated mineral resource and measured mineral resource. Reserves are similarly sub-divided by order of confidence into probable (lowest) and proven (highest). The Company at this time has not classified any of its mineral deposits as Mineral Reserves. These classifications can be more particularly described as follows:

A "**Mineral Resource**" is a concentration or occurrence of solid material of economic interest in or on the Earth's crust in such form, grade or quality and quantity that there are reasonable prospects for eventual economic extraction. The location, quantity, grade or quality, continuity and other geological characteristics of a Mineral Resource are known, estimated or interpreted from specific geological evidence and knowledge, including sampling.

An "**Inferred Mineral Resource**" is that part of a Mineral Resource for which quantity and grade or quality are estimated on the basis of limited geological evidence and sampling. Geological evidence is sufficient to imply but not verify geological and grade or quality continuity. It has a lower level of confidence than that applying to an Indicated Mineral Resource and must not be converted to a Mineral Reserve. It is reasonably

expected that the majority of Inferred Mineral Resources could be upgraded to Indicated Mineral Resources with continued exploration.

An "**Indicated Mineral Resource**" is that part of a Mineral Resource for which quantity, grade or quality, densities, shape and physical characteristics are estimated with sufficient confidence to allow the application of modifying factors in sufficient detail to support mine planning and evaluation of the economic viability of the deposit. Geological evidence is derived from adequately detailed and reliable exploration, sampling and testing and is sufficient to assume geological and grade or quality continuity between points of observation. It has a lower level of confidence than that applying to a Measured Mineral Resource and may only be converted to a Probable Mineral Reserve.

A "**Measured Mineral Resource**" is that part of a Mineral Resource for which quantity, grade or quality, densities, shape, and physical characteristics are estimated with confidence sufficient to allow the application of modifying factors to support detailed mine planning and final evaluation of the economic viability of the deposit. Geological evidence is derived from detailed and reliable exploration, sampling and testing and is sufficient to confirm geological and grade or quality continuity between points of observation. It has a higher level of confidence than that applying to either an Indicated Mineral Resource or an Inferred Mineral Resource. It may be converted to a Proven Mineral Reserve or to a Probable Mineral Reserve.

A "**Mineral Reserve**" is the economically mineable part of a Measured and/or Indicated Mineral Resource. It includes diluting materials and allowances for losses, which may occur when the material is mined or extracted and is defined by studies at Pre-Feasibility or Feasibility level as appropriate that include application of modifying factors, which are considerations used to convert Mineral Resources to Mineral Reserves and include, but are not restricted to, mining, processing, metallurgical, infrastructure, economic, marketing, legal, environmental, social and governmental factors. Such studies demonstrate that, at the time of reporting, extraction could reasonably be justified. The reference point at which Mineral Reserves are defined, usually the point where the ore is delivered to the processing plant, must be stated. It is important that, in all situations where the reference point is different, such as for a saleable product, a clarifying statement is included to ensure that the reader is fully informed as to what is being reported. The public disclosure of a Mineral Reserve must be demonstrated by a Pre-Feasibility Study or Feasibility Study.

A "**Probable Mineral Reserve**" is the economically mineable part of an Indicated, and in some circumstances, a Measured Mineral Resource. The confidence in the modifying factors applying to a Probable Mineral Reserve is lower than that applying to a Proven Mineral Reserve.

A "**Proven Mineral Reserve**" is the economically mineable part of a Measured Mineral Resource. A Proven Mineral Reserve implies a high degree of confidence in the modifying factors.

## CORPORATE STRUCTURE

### Name, Address and Incorporation

The Company was incorporated under the *Business Corporations Act* (British Columbia) on July 1, 2017 under the name "American Pacific Mining Corp.". The Company's registered and records office is located at Suite 1500 Royal Centre, 1055 West Georgia Street, P.O. Box 11117, Vancouver, British Columbia, V6E 4N7. The Company's head office is located at Suite 910 - 510 Burrard Street, Vancouver, British Columbia V6C 3A8. The Company is a reporting issuer in the provinces of British Columbia, Alberta, Saskatchewan, Ontario and Nova Scotia.

Effective March 8, 2018, the Common Shares commenced trading on the Canadian Securities Exchange (the "**CSE**") under the symbol "USGD", on the Frankfurt Exchange on March 29, 2018 under the symbol "1QC", and on the OTC Pink Open Market on April 16, 2018 under the symbol "USGDF".

### **Inter-corporate Relationships**

The Company has one wholly-owned subsidiary, American Pacific Mining (US) Inc. (“**APM (US)**”), which was incorporated in Nevada, United States pursuant to Chapter 78 of the *Nevada Revised Statutes* on January 13, 2018.

## **GENERAL DEVELOPMENT OF THE BUSINESS**

### **Three Year History**

#### **2017**

- On July 1, 2017, the Company was incorporated under the name “American Pacific Mining Corp.”
- On July 1, 2017, the Company entered into the South Lida Agreement with the Vendors (see “*Business Description – Non-Material Mineral Properties – South Lida Property, Nevada, U.S.*”).
- On October 25, 2017, the Company completed Seed Placement and issued 10,230,000 Seed Shares for gross proceeds in the amount of \$511,500.
- On November 6, 2017, the Company entered into the Tuscarora Option Agreement with Novo to acquire a 100% interest in the Tuscarora Property (see below under “*Business Description – The Tuscarora Property, Elko County, Nevada U.S.*”).
- On December 22, 2017, the Company completed the first tranche of the Private Placement pursuant to which the Company issued 10,655,000 Special Warrants for gross proceeds of \$2,663,750 and issued Debentures in the principal amount of \$867,500.

#### **2018**

- On January 5, 2018, the Company completed the second tranche of the Private Placement pursuant to which the Company issued 710,000 Special Warrants and issued Debentures in the principal amount of \$101,500.
- On March 8, 2018, the Company began trading under the ticker symbol “USGD” on the CSE.
- Under the South Lida Agreement, the Company issued 500,000 Common Shares on March 8, 2018 and 1,000,000 Common Shares on October 28, 2018 to the Vendors (see “*Business Description – Non-Material Mineral Properties – South Lida Property, Nevada, U.S.*”).
- On March 29, 2018, the Company began trading on the Frankfurt Stock Exchange under the symbol “1QC”.
- On April 5, 2018, the Company entered into the Curellie Option Agreement with Curellie LLC to acquire the JPL Property situated in Esmeralda County, Nevada (see below under “*Business Description – JPL Project, Esmeralda County, Nevada, U.S.*”).
- On April 16, 2018, the Company’s Common Shares were approved for quotation on the OTC Pink Open Market under the trading symbol “USGDF”.
- On May 3, 2018, the Company, through APM (US), vended out the JPL Property to AAA Equity Holdings Corp.

- On September 17, 2018, the Company obtained DTC eligibility to aid in the electronic trading of stocks in the United States.

#### ***Subsequent to Year Ended December 31, 2018***

- On January 31, 2019, the Company entered into an arm's-length agreement, 2019 with Capital Pearl Investments Inc. The agreement is for a one-year term. The Company paid \$40,000 and issued a total of 1,000,000 of its Common Shares in consideration for the consulting services.
- On February 28, 2019, the Company entered into an arm's-length agreement with Future Money Trends, LLC and affiliates, a media specialist in the natural resources sector. The agreement is for a three-year term. The Company paid US\$250,000 and issued a total of 2,800,000 of its Common Shares in consideration for the consulting services.
- On February 28, 2019, the Company completed a non-brokered private placement of 14,602,000 units at a price of \$0.10 for gross proceeds of \$1,460,200 (the "**February 2019 Financing**"). Each unit consists of one Common Share and one-half Warrant. Each whole Warrant entitles its holder to purchase one additional Common Share at an exercise price of \$0.20 at any time prior to February 29, 2020, subject to an early expiry of the exercise period if, at any time after four months from closing, the closing price of the Common Shares is greater than \$0.25 for five or more consecutive trading days. In connection with the February 2019 Financing, the Company paid as a finder's fee \$35,364 and issued 353,640 Finder's Warrants priced at \$0.20.
- On March 8, 2019, the Company issued 1,000,000 Common Shares to the Vendors for the South Lida Property (see "*Business Description – Non-Material Mineral Properties – South Lida Property, Nevada, U.S.*").
- On March 8, 2019, the Company issued 266,666 Common Shares for the Tuscarora Property (see below under "*Business Description – The Tuscarora Property, Elko County, Nevada U.S.*").
- On March 22, 2019, the Company paid US\$250,000 and issued 2,800,000 Common Shares at a deemed price of \$0.15 per Common Share to Future Trends, LLC and affiliates, an arm's length third party, for consulting services to be rendered over a three-year term.
- On March 22, 2019, the Company issued paid CND\$40,000 and issued 1,000,000 Common Shares at a deemed price of \$0.15 per Common Share to Capital Pearl Investments Inc., an arm's length third party, for consulting services to be rendered over a one year term.
- On April 15, 2019, the Company entered into an Earn-In Agreement with OceanaGold U.S. Holdings Inc., a US subsidiary of OceanaGold Corp. (see below under "*Business Description – OceanaGold Earn-In Agreement*").
- On April 23, 2019, the Company acquired through staking the historic Gooseberry Mine in Storey, Nevada. Next steps to include data review, sampling and eventual drilling.

## **BUSINESS DESCRIPTION**

### **General**

The Company is engaged in the business of mineral exploration and its objective is to locate and develop mineral properties in Western United States. The Company currently has three exploration properties located in Nevada, USA:

1. **Tuscarora Property:** 91 claims covering 1,818 acres located near Elko, Nevada, U.S. An exploration program was carried out in the spring of 2018 with drill results being released in August and October, 2018. The Company entered into an earn in agreement with OceanaGold UDS Holdings Inc on April 15, 2019, details of the agreement are on Sedar. See “*Business Description – Material Mineral Properties – Tuscarora Property, Elko County, Nevada, U.S.*” below.
2. **South Lida Property:** 12 claims, located in Nevada, U.S. No work has been performed by the Company on this property. See “*Business Description – Non-Material Mineral Properties – South Lida Property, Nevada, U.S.*” below.
3. **Gooseberry Property:** 42 unpatented claims, totaling approximately 708 acres, recently staked in Storey County, Nevada, U.S. See “*Business Description – Non-Material Mineral Properties – Gooseberry Mine, Storey, Nevada, U.S.*” below.

## **Material Mineral Projects**

### ***Tuscarora Property, Elko County, Nevada, U.S.***

The Tuscarora Property is APM’s material property which consists of 24 claims covering approximately 447 acres within the Tuscarora Mining District in Elko County, Nevada. The Tuscarora Property consists of 24 claims covering approximately 447 acres within the Tuscarora Mining District in Elko County, Nevada centered on UTM coordinates 565568E/4573240N. The Tuscarora Mining District lies at the foot of Mount Blitzen on the eastern slope of the Northern Tuscarora Range.

### **Tuscarora Option Agreement with Novo**

On November 6, 2017, the Company entered into an option agreement (the “**Tuscarora Option Agreement**”) with Novo Resources (USA) Inc. (“**Novo**”), a subsidiary of Novo Resources Corp., to acquire a one hundred percent right, title and interest in and to the Tuscarora Property (the “**Tuscarora Option**”).

### ***Key Deal Terms***

In consideration for the Tuscarora Option, the Company will (a) make cash payments to Novo of three hundred and seventy-five Canadian dollars (C\$375,000), in three equal installments of one hundred and twenty-five thousand Canadian dollars (C\$125,000) beginning on January 24, 2018; (b) deliver Common Shares equivalent to two hundred thousand Canadian dollars (C\$200,000), and (c) complete one hundred thousand US dollars per year in expenditures on the property. The Company may exercise the Tuscarora Option at any time after completing the cash and share payments.

Under the Tuscarora Option Agreement, the Company agreed to:

- (a) pay a royalty interest to Novo of one-half percent (0.5%) of Net Smelter Returns which may be reduced to nil (0%) by paying five hundred thousand US dollars (US\$500,00);
- (b) pay a royalty interest to Nevada Select Royalty, Inc. based on the New York COMEX price of gold per troy ounce, payable as follows:

Less than or equal to \$1,500.00	Two percent (2.0%)
Greater than \$1,500.00 but less than or equal to \$2,000.00	Three percent (3.0%)
Greater than \$2,000	Four percent (4.0%)

APM's Tuscarora Option remains in good standing under the Tuscarora Option Agreement with Novo and the Company has met all payment obligations to date.

#### Earn-In Agreement with OceanaGold

On April 15, 2019, the Company entered into an earn-in agreement with OceanaGold U.S. Holdings Inc. ("**OceanaGold**"), a US subsidiary of OceanaGold Corp., in respect of APM's Tuscarora Option to the Tuscarora Property (the "**OceanaGold Earn-In Agreement**").

##### *Phase 1*

Subject to APM holding a 100% interest in the Tuscarora Property, OceanaGold may then earn up to 51% of the Tuscarora Property by, among other things:

- paying to APM USD\$50,000 on April 15, 2019 and an additional USD\$200,000 on April 15, 2023; and
- expending a minimum of USD\$4 million in exploration and development expenditures on the Tuscarora Property over a period of four (4) years beginning on April 15, 2019 (USD\$650,000 of which will constitute a firm and irrevocable payment obligation to APM, the "**Irrevocable Payment Obligation**").

##### *Phase 2*

Following OceanaGold's completion of Phase 1, OceanaGold will have sixty (60) days to subsequently exercise its option (the date of exercise being, the "**OceanaGold Option Exercise Date**") to earn an additional 24% of the Tuscarora Property (for a total interest of 75%) by, among other things, expending an additional USD\$6 million in exploration and development expenditures on the Tuscarora Property over a period of four (4) years following the OceanaGold Option Exercise Date.

##### *Transfer of Interest and Joint Venture*

- Subject to, among other things, OceanaGold's fulfilment of its payment and work obligations under the Earn-in Agreement (see Phase 1 above), APM will transfer title of the Tuscarora Property to OceanaGold and the parties will enter into a definitive joint venture agreement (the "**JV Agreement**"). The JV Agreement will govern the joint venture between the parties following completion of Phase 1, regardless of OceanaGold's decision to exercise its option under Phase 2.
- In the event that OceanaGold does not exercise its option under Phase 2, each of the parties to the JV Agreement will contribute capital to the Tuscarora Property in accordance with their respective participating interests. The participating interest of a party which elects to not contribute to the extent of its full interest will be diluted in accordance with a straight-line dilution formula based on the parties' respective capital contributions.

##### *Termination and Other*

- Subject to certain surviving obligations of OceanaGold, including the Irrevocable Payment Obligation, confidentiality obligations and property reclamation obligations, OceanaGold may in its sole discretion terminate the Earn-in Agreement at any time by giving APM thirty (30) days' written notice.
- OceanaGold and APM may terminate the Earn-in Agreement in the event the other party defaults under this agreement by providing the terminating party with both a thirty (30) day cure period and notice period, respectively.

## **Non-Material Mineral Projects**

### ***South Lida Property, Nevada, U.S.***

On July 1, 2017, the Company entered into a purchase agreement among the Company, Davin Saderholm and the Vendors (the “**South Lida Agreement**”) to purchase twelve claims located in Nevada, U.S. (the “**South Lida Property**”).

The transaction to acquire the South Lida Property was a non-arm’s length transaction pursuant to which the Company acquired an undivided 100% of all the Vendors’ right, title, and interest in and to the South Lida Property. As consideration, the Company issued 500,000 Common Shares to the Vendors on signing of the South Lida Agreement.

### ***JPL Project, Esmeralda County, Nevada, U.S.***

The JPL Property is a gold prospect in Esmeralda County, Nevada with widespread high-grade gold in surface samples. The project is located 50 miles south of Tonopah and 160 miles north of Las Vegas in the Walker Lane structural zone. The Goldfields District to the north and the region around Beatty to the south are areas that have produced millions of ounces of gold. Recent activity at North Bullfrog and Mother Lode by Corvus Gold Inc. also indicates exploration potential for the area.

### **JPL Option Agreement**

On April 5, 2018, the Company, through APM (US), entered into an exploration lease and option to purchase agreement (the “**JPL Option Agreement**”) with Curellie LLC, a private company based in Nevada USA (“**Curellie**”) to earn the exclusive option and right to acquire the JPL Property (the “**JPL Option**”). The option agreement with Curellie is for a term of ten (10) years with the option to extend the term for up to two additional ten (10) year periods. The JPL Property consists of 54 unpatented mining claims situated in Esmeralda County, Nevada.

### ***Key Deal Terms***

Curellie granted to APM the JPL Option in consideration for (1) a series of yearly payments beginning on April 5, 2018 (year 1: US\$15,000) and on each succeeding year thereafter (year 2: US\$25,000; year 3: US\$30,000; and year 4 onward: US\$30,000); and (2) a three (3%) percent production royalty to Curellie based on the Net Smelter Returns from the production and sale of minerals from the JPL Property.

On May 3, 2018, the Company, through APM (US), vended out the JPL Property to AAA Equity Holdings Corp. (“**AAA**”), a private B.C. Corporation. APM (US) agreed to assign, transfer and set over all of its rights and obligations arising under the JPL Option (the “**AAA Assignment**”).

The vend out transaction was part of an overall corporate strategy to acquire and then vend out non-core assets in the project portfolio.

In consideration for the AAA Assignment, AAA will:

- (a) issue 500,000 of its Common Shares to APM;
- (b) complete CAD\$75,000 in exploration expenditures on the JPL Property within twelve months; and
- (c) in the event that AAA elects to exercise its option under the AAA Assignment, pay to APM US a 1% net smelter return on the JPL Property.

### ***Gooseberry Mine, Storey, Nevada, U.S.***

On April 23, 2019 the Company staked the historic gold and silver Gooseberry Mine in Storey County Nevada, USA (the “**Gooseberry Property**”). The Gooseberry Property was staked for a total of \$20,000 and includes 42 unpatented claims encompassing the prospective 708 acre property. APM intends to undertake data review, sampling and eventual drilling on the Gooseberry Property.

Sporadic hard rock gold and silver mining took place at Gooseberry Property between 1906-1991, with little to no exploration occurring beneath the lower levels of the underground mine. The Ramsey district, where the project is located, also remains under-explored compared to many other areas of Nevada. Infrastructure includes power to the area, main highways and some roads through the project which may need minor rehabilitation.

The Gooseberry Property is a low sulphidation, epithermal system with high-grade gold and silver mineralization hosted in quartz carbonate veins. The project was intermittently productive over the last century, and it is believed that there is a lot of exploration potential remaining over the project area.

### **Other Information**

#### ***Specialized Skill and Knowledge***

All aspects of the Company’s business require specialized skills and knowledge. Such skills and knowledge include the areas of geology, engineering, operations, environmental, drilling, logistical planning and implementation of exploration and development programs, treasury accounting and legal. The Company has been able to locate and retain appropriate employees and consultants and believes it will continue to be able to do so.

#### ***Competitive Conditions***

The mining industry is intensely competitive in all of its phases, and the Company competes with many companies possessing greater financial and technical facilities than itself in the search for and acquisition of attractive mineral properties, and the development of such properties. In addition, the Company also competes for the technical expertise to develop and operate such properties, the labor to operate the properties, and the capital for the purpose of funding such properties. Further information regarding risks associated with the competitive conditions can be found under the heading “*Risk Factors*” below.

#### ***Business Cycles***

The mineral exploration business is subject to mineral price cycles. The marketability of minerals and mineral concentrates and the ability to finance the Company on favourable terms is also affected by worldwide economic cycles.

#### ***Environmental Protection***

The Company is subject to federal, state, provincial and local environmental legislation at its properties. The Company recognizes that it must conduct its business in such a manner as to protect and preserve the environment. Management is not aware of any pending environmental legislation which would be likely to have a material impact on any of its operations. The Company believes that it is compliant in all material respects with all applicable environmental laws. Further information regarding risks associated with environmental protection can be found under the heading “*Risk Factors*” below.



### ***Employees***

As at May 22, 2019, the Company and its subsidiary had three full-time employees. The Company also relies on two consultants/contractors to carry out many of its activities and, in particular, to carry out project development activities and to supervise work programs on its mineral properties.

### ***Foreign Operations***

The Company's principal asset, the Tuscarora Project, is located in Elko County, Nevada, U.S. See "Risk Factors" below.

### **Risk Factors**

An investment in securities of APM involves significant risks, which should be carefully considered by prospective investors before purchasing such securities. Management of APM considers the following risks to be most significant for potential investors in APM, but such risks do not necessarily comprise all those associated with an investment in APM. Additional risks and uncertainties not currently known to management of APM may also have an adverse effect on APM's business. If any of these risks actually occur, APM's business, financial condition, capital resources, results of operations and/or future operations could be materially adversely affected.

In addition to the other information set forth elsewhere in this AIF, the following risk factors should be carefully considered when assessing risks related to APM's business.

#### ***Commodity Price Fluctuations and Cycles***

Resource exploration is significantly linked to the outlook for commodities. When the price of commodities being explored declines investor interest subsides and capital markets become very difficult. The price of commodities varies on a daily basis and there is no proven methodology for determining future prices. Price volatility could have dramatic effects on the results of operations and the ability of APM to execute its business plan. The mining business is subject to mineral price cycles. The marketability of minerals and mineral concentrates is also affected by worldwide economic cycles. Fluctuations in supply and demand in various regions throughout the world are common. In recent years, mineral prices have fluctuated widely. Moreover, it is difficult to predict future mineral prices with any certainty. As APM's business is in the exploration stage and as APM does not carry on production activities, its ability to fund ongoing exploration is affected by the availability of financing which is, in turn, affected by the strength of the economy and other general economic factors.

Gold prices specifically are historically subject to wide fluctuation and are influenced by a number of factors beyond the control or influence of the Company. Some factors that affect the price of gold include: industrial and jewellery demand; central bank lending or purchase or sales of gold bullion; forward or short sales of gold by producers and speculators; future level of gold productions; and rapid short-term changes in supply and demand due to speculative or hedging activities by producers, individuals or funds. Gold prices are also affected by macroeconomic factors including: confidence in the global monetary system; expectations of the future rate of inflation; the availability and attractiveness of alternative investment vehicles; the general level of interest rates; the strength of, and confidence in the U.S. dollar, the currency in which the price of gold is generally quoted, and other major currencies; global and regional political or economic events; and costs of production of other gold producing companies. All of the above factors can, through their interaction, affect the price of gold by increasing or decreasing the demand for or supply of gold.

#### ***Exploration Activities May Not be Successful***

Exploration for, and development of, mineral properties involves significant financial risks, which even a combination of careful evaluation, experience and knowledge may not eliminate. While the discovery of an ore body may result in substantial rewards, few properties that are explored are ultimately developed into

producing mines. Major expenditures may be required to establish reserves by drilling, to complete a feasibility study and to construct mining and processing facilities at a site for extracting gold or other metals from ore. APM cannot ensure that its future exploration programs will result in profitable commercial mining operations.

Also, substantial expenses may be incurred on exploration projects that are subsequently abandoned due to poor exploration results or the inability to define reserves that can be mined economically. Development projects have no operating history upon which to base estimates of future cash flow. Estimates of proven and probable reserves and cash operating costs are, to a large extent, based upon detailed geological and engineering analysis. There have been no feasibility studies conducted in order to derive estimates of capital and operating costs including, among others, anticipated tonnage and grades of ore to be mined and processed, the configuration of the ore body, ground and mining conditions, expected recovery rates of the gold or copper from the ore, and anticipated environmental and regulatory compliance costs.

It is possible that actual costs and economic returns of future mining operations may differ materially from APM's best estimates. It is not unusual in the mining industry for new mining operations to experience unexpected problems during the start-up phase and to require more capital than anticipated. These additional costs could have an adverse impact on APM's future cash flows, earnings, results of operations and financial condition.

### ***Exploration Stage Operations***

The Company's operations are subject to all of the risks normally incident to the exploration for and the development and operation of mineral properties. The Company has implemented safety and environmental measures designed to comply with or exceed government regulations and ensure safe, reliable and efficient operations in all phases of its operations. The Company maintains liability and property insurance, where reasonably available, in such amounts as it considers prudent. The Company may become subject to liability for hazards against which it cannot insure or which it may elect not to insure against because of high premium costs or other reasons.

The mineral exploration business is very speculative. All of the Company's properties are at an early stage of exploration. Mineral exploration involves a high degree of risk, which even a combination of experience, knowledge and careful evaluation may not be able to avoid. Few properties that are explored are ultimately developed into producing mines. Unusual or unexpected formations, formation pressures, fires, power outages, labour disruptions, flooding, explosions, cave-ins, landslides and the inability to obtain adequate machinery, equipment and/or labour are some of the risks involved in mineral exploration activities. The Company has relied on and may continue to rely on consultants and others for mineral exploration expertise. Substantial expenditures are required to establish mineral reserves and resources through drilling, to develop metallurgical processes to extract the metal from the material processed and to develop the mining and processing facilities and infrastructure at any site chosen for mining. There can be no assurance that commercial or any quantities of ore will be discovered. There is also no assurance that even if commercial quantities of ore are discovered, that the properties will be brought into commercial production or that the funds required to exploit any mineral reserves and resources discovered by the Company will be obtained on a timely basis or at all. The commercial viability of a mineral deposit once discovered is also dependent on a number of factors, some of which are the particular attributes of the deposit, such as size, grade and proximity to infrastructure, as well as gold prices. Most of the above factors are beyond the control of the Company. There can be no assurance that the Company's mineral exploration activities will be successful. In the event that such commercial viability is never attained, the Company may seek to transfer its property interests or otherwise realize value or may even be required to abandon its business and fail as a "going concern".

### ***Calculation of Reserves, Resources and Precious Metal Recoveries***

There is a degree of uncertainty attributable to the calculation and estimates of mineral reserves and mineral resources and the corresponding metal grades to be mined and recovered. Until reserves or resources are actually mined and processed, the quantities of mineralization and metal grades must be

considered as estimates only. Any material change in the quantity of mineral reserves, mineral resources, grades and recoveries may affect the economic viability of the Company's properties. To date, the Company has not established mineral reserves on any of its mineral properties.

### ***Additional Funding Requirements***

As APM's business is in the exploration stage and as APM does not carry on production activities, it will require additional financing to continue its operations. Its ability to secure additional financing and fund ongoing exploration is affected by the strength of the economy and other general economic factors. There can be no assurance that APM will be able to obtain adequate financing in the future, or that the terms of such financing will be favourable for further exploration and development of its projects. Failure to obtain such additional financing could result in delay or indefinite postponement of further exploration. Further, revenues, financings and profits, if any, will depend upon various factors, including the success, if any, of exploration programs and general market conditions for natural resources.

### ***Specialized Skill and Knowledge***

Various aspects of APM's business require specialized skills and knowledge. Such skills and knowledge include the areas of permitting, geology, drilling, metallurgy, logistical planning and implementation of exploration programs as well as finance and accounting. APM's management team and board of directors provide much of the specialized skill and knowledge. APM also retains outside consultants as additional specialized skills and knowledge are required. However, it is possible that delays and increased costs may be experienced by APM in locating and/or retaining skilled and knowledgeable employees and consultants in order to proceed with its planned exploration and development at its mineral properties.

### ***Competitive Conditions***

APM competes against other companies to identify suitable exploration properties. Competition in the mineral exploration business is intense, and there is a high degree of competition for desirable mineral leases, suitable prospects for drilling operations and necessary exploration equipment, as well as for access to funds. APM is competing with many other exploration companies possessing greater financial resources and technical facilities than that currently held by APM.

### ***Environmental Protection***

APM's properties are subject to stringent laws and regulations governing environmental quality. Such laws and regulations can increase the cost of planning, designing, installing and operating facilities on our properties. However, it is anticipated that, absent the occurrence of an extraordinary event, compliance with existing laws and regulations governing the release of materials in the environment or otherwise relating to the protection of the environment, will not have a material effect upon APM's current operations, capital expenditures, earnings or competitive position.

### ***Property Commitments***

APM's mineral properties and/or interests may be subject to various land payments, royalties and/or work commitments. Failure by APM to meet its payment obligations or otherwise fulfill its commitments under these agreements could result in the loss of related property interests.

### ***Environmental Regulatory Risks***

APM's operations are subject to environmental regulations promulgated by government agencies from time to time. Environmental legislation and regulation provides for restrictions and prohibitions on spills, releases or emissions of various substances produced in association with certain exploration industry operations, such as from tailings disposal areas, which would result in environmental pollution. A breach of such legislation may result in the imposition of fines and penalties. In addition, certain types of operations require

the submission and approval of environmental impact assessments. Environmental legislation is evolving in a manner which means stricter standards, and enforcement, fines and penalties for non-compliance are more stringent. Future legislation and regulations could cause additional expenses, capital expenditures, restrictions, liabilities and delays in exploration of any of APM's properties, the extent of which cannot be predicted. Environmental assessments of proposed projects carry a heightened degree of responsibility for companies and directors, officers and employees. The cost of compliance with changes in governmental regulations has a potential to reduce the profitability of operations.

### ***Climate Change***

APM acknowledges climate change and that the increased regulation of greenhouse gas emissions (known as carbon taxes) may adversely affect the Company's operations and related legislation is becoming more stringent. The effects of climate change or extreme weather events may cause prolonged disruption to the delivery of essential commodities which could negatively affect production efficiency.

APM makes efforts to mitigate climate risks by ensuring that extreme weather conditions are included in its emergency response plans. However, there is no assurance that the response will be effective, and the physical risks of climate change will not have an adverse effect on the Company's operations and profitability. The Company's operations in Nunavut are particularly impacted by extreme weather due to their remoteness.

### ***Changes in Government Regulation***

Changes in government regulations or the application thereof and the presence of unknown environmental hazards on any of APM's mineral properties may result in significant unanticipated compliance and reclamation costs. Government regulations relating to mineral rights tenure, permission to disturb areas and the right to operate can adversely affect APM.

APM may not be able to obtain all necessary licenses and permits that may be required to carry out exploration on any of its projects. Obtaining the necessary governmental permits is a complex, time consuming and costly process. The duration and success of efforts to obtain permits are contingent upon many variables not within our control. Obtaining environmental permits may increase costs and cause delays depending on the nature of the activity to be permitted and the interpretation of applicable requirements implemented by the permitting authority. There can be no assurance that all necessary approvals and permits will be obtained and, if obtained, that the costs involved will not exceed those that we previously estimated. It is possible that the costs and delays associated with the compliance with such standards and regulations could become such that we would not proceed with the development or operation.

### ***Properties May be Subject to Defects in Title***

APM has investigated its rights to explore and exploit its projects and, to the best of its knowledge, its rights are in good standing. However, no assurance can be given that such rights will not be revoked, or significantly altered, to APM's detriment. There can also be no assurance that APM's rights will not be challenged or impugned by third parties.

Some APM mineral claims may overlap with other mineral claims owned by third parties which may be considered senior in title to the APM mineral claims. The junior claim is only invalid in the areas where it overlaps a senior claim. APM has not determined which, if any, of the APM mineral claims is junior to a mineral claim held by a third party.

Although APM is not aware of any existing title uncertainties with respect to any of its projects, there is no assurance that such uncertainties will not result in future losses or additional expenditures, which could have an adverse impact on APM's future cash flows, earnings, results of operations and financial condition.

### ***Dependence on Key Personnel***

APM's senior officers are critical to its success. In the event of the departure of a senior officer, APM believes that it will be successful in attracting and retaining qualified successors but there can be no assurance of such success. Recruiting qualified personnel as APM grows is critical to its success. The number of persons skilled in the acquisition, exploration of mining properties is limited and competition for such persons is intense. As APM's business activity grows, it will require additional key financial, administrative, mining and exploration personnel, and potentially additional operations staff. If APM is not successful in attracting and training qualified personnel, the efficiency of its operations could be affected, which could have an adverse impact on future cash flows, earnings, results of operations and the financial condition of APM.

The mining industry has been impacted by increased worldwide demand for critical resources including industry consultants, engineering firms and technical experts. These shortages have caused increased costs and delays in planned activities. APM is also dependent upon a number of key personnel, including the services of certain key employees and consultants/contractors. APM's ability to manage its activities, and hence its success, will depend in large part on the efforts of these individuals. APM faces intense competition for qualified personnel, and there can be no assurance that Company will be able to attract and retain such personnel. If the Company is unable to attract or retain qualified personnel as required, it may not be able to adequately manage and implement its business plan.

### ***Labour and Employment***

Relations between the Company and its employees may be affected by changes in the scheme of labour relations that may be introduced by the relevant governmental authorities in whose jurisdictions the Company carries on business. Changes in such legislation or in the relationship between the Company and its employees may have a material adverse effect on the Company's business, results of operations and financial condition. As the Company's business grows, it will require additional key financial, administrative, mining, marketing and public relations personnel as well as additional staff for operations.

### ***Legal and Litigation Risks***

All industries, including the exploration industry, are subject to legal claims, with and without merit. 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 APM may become subject could have a material adverse effect on APM's business, prospects, financial condition, and operating results. Defense and settlement of costs of legal claims can be substantial.

### ***Risks Relating to Statutory and Regulatory Compliance***

APM's current and future operations, from exploration through development activities and commercial production, if any, are and will be governed by applicable laws and regulations governing mineral claims acquisition, prospecting, development, mining, production, exports, taxes, labour standards, occupational health, waste disposal, toxic substances, land use, environmental protection, mine safety and other matters. Companies engaged in exploration activities and in the development and operation of mines and related facilities, generally experience increased costs and delays in production and other schedules as a result of the need to comply with applicable laws, regulations and permits. APM has received all necessary permits for the exploration work it is presently conducting; however, there can be no assurance that all permits which APM may require for future exploration, construction of mining facilities and conduct of mining operations, if any, will be obtainable on reasonable terms or on a timely basis or at all, or that such laws and regulations would not have an adverse effect on any project which APM may undertake.

Failure to comply with applicable laws, regulations and permits may result in enforcement actions thereunder, including the forfeiture of claims, orders issued by regulatory or judicial authorities requiring operations to cease or be curtailed, and may include corrective measures requiring capital expenditures,

installation of additional equipment or costly remedial actions. APM may be required to compensate those suffering loss or damage by reason of its mineral exploration activities and may have civil or criminal fines or penalties imposed for violations of such laws, regulations and permits. APM is not currently covered by any form of environmental liability insurance. See "*Risk Factor - Insurance Risk*", below.

Existing and possible future laws, regulations and permits governing operations and activities of exploration companies, or more stringent implementation thereof, could have a material adverse impact on APM and cause increases in capital expenditures or require abandonment or delays in exploration.

### ***Insurance Risk***

APM is subject to a number of operational risks and may not be adequately insured for certain risks, including: accidents or spills, industrial and transportation accidents, which may involve hazardous materials, labour disputes, catastrophic accidents, fires, blockades or other acts of social activism, changes in the regulatory environment, impact of non-compliance with laws and regulations, natural phenomena such as inclement weather conditions, floods, earthquakes, ground movements, cave-ins, and encountering unusual or unexpected geological conditions and technological failure of exploration methods.

There is no assurance that the foregoing risks and hazards will not result in damage to, or destruction of, the properties of APM, personal injury or death, environmental damage or, regarding the exploration activities of APM, increased costs, monetary losses and potential legal liability and adverse governmental action, all of which could have an adverse impact on APM's future cash flows, earnings, results of operations and financial condition. The payment of any such liabilities would reduce the funds available to APM. If APM is unable to fully fund the cost of remedying an environmental problem, it might be required to suspend operations or enter into costly interim compliance measures pending completion of a permanent remedy.

No assurance can be given that insurance to cover the risks to which APM's activities are subject will be available at all or at commercially reasonable premiums. APM is not currently covered by any form of environmental liability insurance, since insurance against environmental risks (including liability for pollution) or other hazards resulting from exploration activities is unavailable or prohibitively expensive. This lack of environmental liability insurance coverage could have an adverse impact on APM's future cash flows, earnings, results of operations and financial condition.

### ***Limited Business History and No History of Earnings***

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

In addition, APM's activities are focused primarily on precious metal opportunities in the Western United States. Any adverse changes or developments affecting this project would have a material and adverse effect on APM's business, financial condition, results of operations and prospects.

### ***Claims by Investors Outside of Canada***

APM is incorporated under the laws of British Columbia and its head office is located in Vancouver, British Columbia. The majority of APM's directors and officers, and some of the experts named herein, are residents of Canada or otherwise reside outside of the United States, and all or a substantial portion of their assets, and a substantial portion of APM's assets, are located outside of the United States. As a result, it may be difficult for investors in the United States or outside of Canada to bring an action against directors,

officers or experts who are not resident in the United States. It may also be difficult for an investor to enforce a judgment obtained in a United States court or a court of another jurisdiction of residence predicated upon the civil liability provisions of United States federal securities laws or other laws of the United States or any state thereof or the equivalent laws of other jurisdictions outside of Canada against those persons or APM.

***Changes in the Market Price of Common Shares may be Unrelated to APM's Results of Operations and could have an Adverse Impact on APM***

The APM Shares are listed on the CSE, the Frankfurt Stock Exchange and the OTC Pink Open Market. The price of APM Shares is likely to be significantly affected by short-term changes in the gold price or in its financial condition or results of operations as reflected in its quarterly earnings reports. Other factors unrelated to APM's performance that may have an effect on the price of APM Shares and may adversely affect an investors' ability to liquidate an investment and consequently an investor's interest in acquiring a significant stake in APM include: a reduction in analytical coverage by investment banks with research capabilities; a drop in trading volume and general market interest in APM's securities; a failure to meet the reporting and other obligations under relevant securities laws or imposed by applicable stock exchanges could result in a delisting of APM Shares and a substantial decline in the price of the APM Shares that persists for a significant period of time.

As a result of any of these factors, the market price of APM Shares at any given point in time may not accurately reflect their long-term value. Securities class action litigation often has been brought against companies following periods of volatility in the market price of their securities. APM may in the future be the target of similar litigation. Securities litigation could result in substantial costs and damages and divert management's attention and resources.

***Price Volatility of Publicly Traded Securities***

In recent years, the securities markets in the United States and Canada have experienced a high level of price and volume volatility, and the market prices of securities of many companies have experienced wide fluctuations in price which have not necessarily been related to the operating performance, underlying asset values or prospects of such companies. There can be no assurance that continuing fluctuations in price will not occur.

***Future Sales May Affect the Market Price of the APM Shares***

In order to finance future operations, APM may raise funds through the issuance of additional Common Shares or the issuance of debt instruments or other securities convertible into Common Shares. APM cannot predict the size of future issuances of Common Shares or the issuance of debt instruments or other securities convertible into Common Shares or the dilutive effect, if any, that future issuances and sales of APM's securities will have on the market price of the Common Shares.

***No History of Earnings or Dividends***

The Company has no history of earnings and there is no assurance that its mineral properties will generate earnings, operate profitably or provide a return on investment in the near future.

No dividends on the Common Shares have been paid by APM to date. Payment of any future dividends, if any, will be at the discretion of the Board after taking into account many factors, including APM's operating results, financial condition, and current and anticipated cash needs.

***The Success of the Company Depends on its Relationships with Local Communities and Indigenous Organizations***

Negative relationships with Indigenous and local communities could result in opposition to the Company's projects. Such opposition could result in material delays in attaining key operating permits or make certain

projects inaccessible to the Company's personnel. APM respects and engages meaningfully with Indigenous and local communities at all of its operations. APM is committed to working constructively with local communities, government agencies and Indigenous groups to ensure that exploration work is conducted in a culturally and environmentally sensitive manner.

### ***Risk of Foreign Operations – Political, Economic and Social Risks and Uncertainties***

Currently, all of APM's mineral operations are conducted outside of Canada, resulting in the general risk of foreign operations by the Company.

APM's operations in Nevada, U.S. are exposed to various levels of political, economic and other risks and uncertainties. Risks and uncertainties of operating in Nevada vary from time to time, but are not limited to a limited local workforce, poor infrastructure, a complex regulatory regime and harsh weather.

## **THE TUSCARORA PROJECT**

### **Current Technical Report**

The information in this AIF with respect to the Tuscarora Project is derived from, and in some instances is a direct extract from, and based on the assumptions, qualifications and procedure set out in a National Instrument 43-101 technical report prepared by E.L. "Buster" Hunsaker III, CPG 8137 of Hunsaker Inc., titled "Technical Report Describing the Tuscarora Project Centered on 565568E/4573240N UTM WGS84 Zone 11N in Elko County, Nevada, USA", effective January 15, 2018. Such assumptions, qualifications and procedures are not fully described in this AIF and the following summary does not purport to be a complete summary of the Technical Report. Reference should be made to the full text of the Technical Report, which is available for review under the Company's profile on SEDAR at [www.SEDAR.com](http://www.SEDAR.com).

The qualified person responsible for the Technical Report is E.L. "Buster" Hunsaker III, CPG 8137 of Hunsaker Inc.

### **Project Description and Location**

The following disclosure under "*Project Description and Location*" has been extracted from the Technical Report.

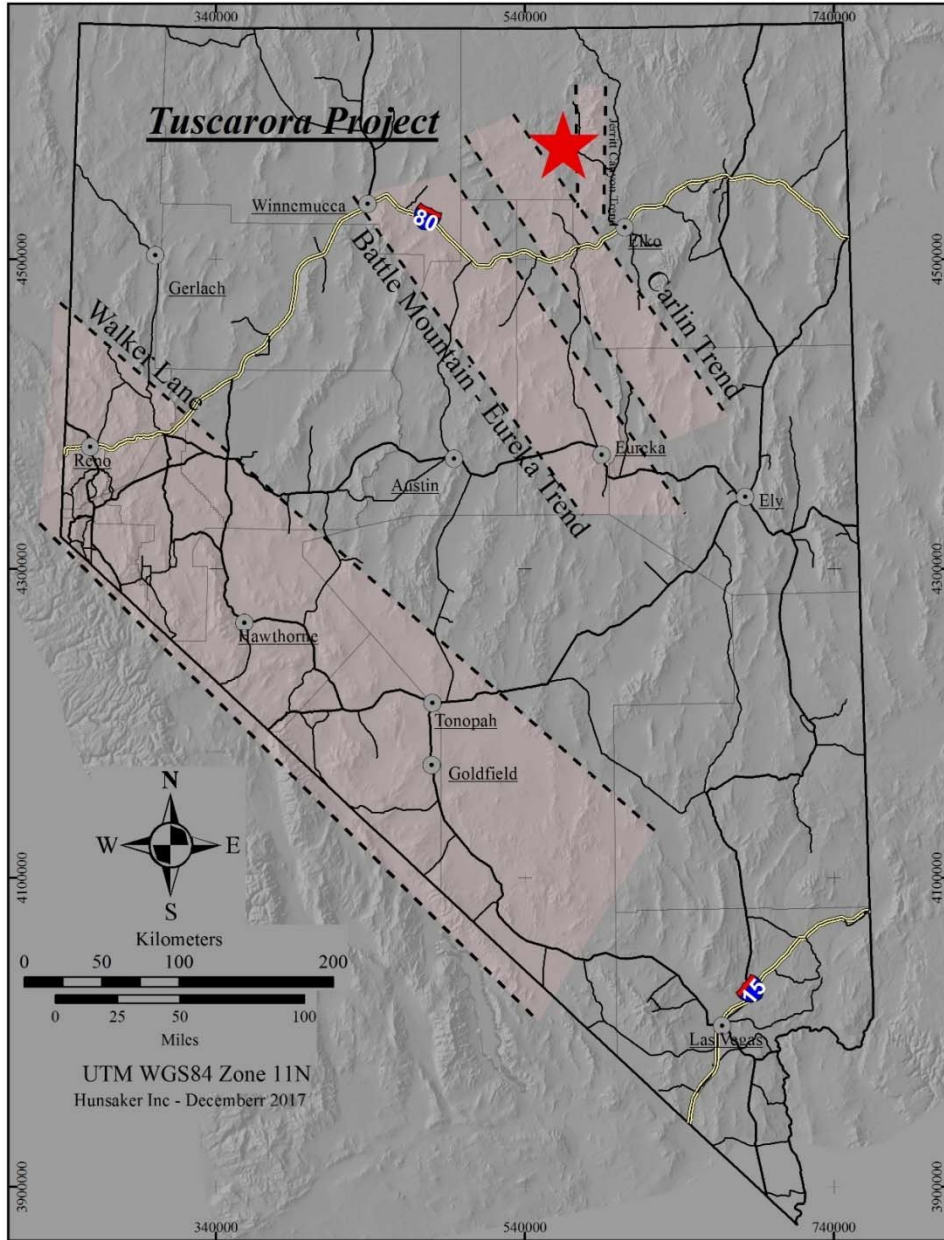
The Tuscarora Project is an epithermal low-sulfidation type gold property, which has had extensive reverse circulation drilling that outlines two target zones. The historic drilling intersected up to 182 g/t gold in quartz-adularia veins at relatively shallow depths. The historic results suggest that a staged exploration program can advance this property towards discovery. It is a Project that is worthy of additional work.

The Tuscarora Project claims cover a gentle southeast slope along the south and eastern edge of the historic town of Tuscarora. Elevation ranges from ranges from 5,900 to 6,120 feet. Vegetation is typical of high desert in the Basin and Range terrane, consisting primarily of sagebrush and grasses.

Tuscarora is easily reached by vehicle traveling north from Elko, Nevada on paved Nevada State Highway 225 for about 26 miles, then 27 miles northwest on Nevada State Highway 226 to the Midas-Tuscarora Road and proceeding approximately 5 miles to the town of Tuscarora Project area.

The property claims approximately 447 acres within the Tuscarora Mining District in Elko County, Nevada centered on UTM coordinates 565568E /4573240N (Figure 1). The claims are within sections 2 and 3, T39N/R51E and section 35, T40N/R51E, 40 air miles northwest of Elko, Nevada.





**Figure 1: Tuscarora Project - Location Map**

Tenure consists of 24 Federal unpatented lode claims in the Tuscarora Mining District (Figure 2) and (Table 1). Claims are on lands managed by the U.S. Department of Interior – Bureau of Land Management (“BLM”).

Claim Name	BLM Serial No.
TN 1	NMC1105496
TN 2	NMC1105497
TN 3	NMC1105498

TN 4	NMC1105499
TN 5	NMC1105500
TN 6	NMC1105501
TN 7	NMC1105502
TN 8	NMC1105503
TN 9	NMC1105504
TN 10	NMC1105505
TN 11	NMC1105506
TN12	NMC1105507
TN 13	NMC1105508
TN 14	NMC1105509
TN 19	NMC1105510
TN 20	NMC1105511
TN 21	NMC1105512
TN 22	NMC1105513
TN 23	NMC1105514
TN 24	NMC1105515
TN 25	NMC1105516
TN26	NMC1105517
TN27	NMC1105518
TN28	NMC1105516

**Table 1: Tuscarora Project Claims**

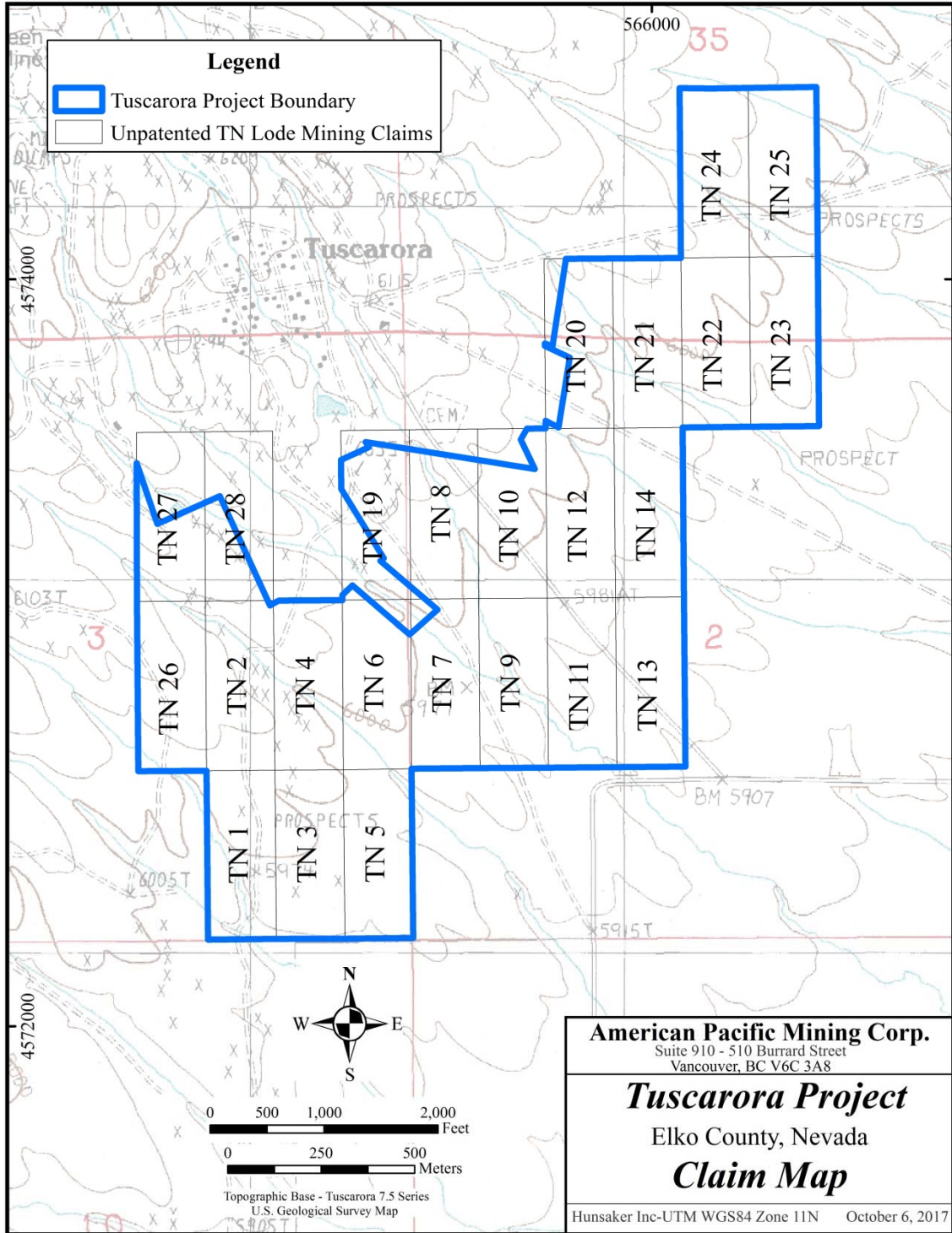


Figure 2: Tuscarora Project - Land Map

Federal unpatented lode claims require an annual maintenance fee payment of \$155 per claim due on or before September 1 of each year. The next payment is due by September 1, 2018. Additionally a "Notice of Intent to Hold" must be filed with Elko County on or before November 1 of each year. The filing requires

a payment of \$12.00 per claim and a document fee of \$10.00. The next filing is due by November 1, 2018. All payments and filings are current.

On November 6, 2017, the Company entered into the Tuscarora Option Agreement with Novo to acquire a one hundred percent interest in the Tuscarora Property. In consideration of the option, the Company will make cash payments to Novo of three hundred and seventy-five (CAD\$375,000) Canadian dollars, in three equal installments of one hundred and twenty-five thousand Canadian dollars (CAD\$125,000) beginning on the Listing Date or January 31, 2018, whichever comes first. Subsequent installments are due on the first and second anniversaries of the first payment.

The Company has warranted to Nova that it will use all commercially reasonable efforts to list its securities on the Exchange. Subsequent to that listing, the Company will issue two hundred thousand (CAD\$200,000) Canadian dollars in Common Shares to Novo in three equal installments with one-third issued on each of the Listing Date and the first and second anniversaries of the Listing Date.

The number of Common Shares to be issued shall be determined on the Listing Date by dividing the amount of two hundred thousand (CAD\$200,000) Canadian dollars by the Canadian dollar listing price of the Common Shares on the Listing Date. The Canadian dollar listing price of the Common Shares on the Listing Date shall be deemed to be equal to the price at which the Common Shares are sold in the last equity financing closed on or before the Listing Date. In the event that the Common Shares are consolidated, subdivided, exchanged, reclassified, or in any way substituted for the Common Shares after the Listing Date, the Common Shares issuable will be similarly adjusted.

The Company has also agreed to complete a total of one hundred thousand (USD\$100,000) US dollars in expenditures on the Tuscarora Property starting in the twelve (12) month period commencing on the first anniversary of the Listing Date and per each successive 12-month period thereafter.

Any excess in the amount of expenditures incurred by the Company on the Tuscarora Property during any one of the periods will be applied as a credit against expenditures required to be incurred by the Company during any subsequent period of time with respect to the Tuscarora Property. Any deficiency in the amount of expenditures incurred by the Company on the Tuscarora Property during any one of the periods referred to may be cured by the Company paying to Novo in cash within 30 days of notice of the deficiency an amount equal to the deficiency in such Expenditures.

The Company may exercise the Tuscarora Option at any time after completing the cash and share payments by completing the notice to Novo of such. Following the exercise of the Tuscarora Option, APM will be obligated under the Tuscarora Option Agreement to pay the following:

- (a) royalty interest to Novo of one-half percent (0.5%) of Net Smelter Returns which may be reduced to nil (0%) by paying five hundred thousand US dollars (US\$500,00);
- (b) royalty interest to Nevada Select Royalty, Inc. based on the New York COMEX price of gold per troy ounce, payable as follows:

Less than or equal to \$1,500.00	Two percent (2.0%)
Greater than \$1,500.00 but less than or equal to \$2,000.00	Three percent (3.0%)
Greater than \$2,000	Four percent (4.0%)

## **History**

The Tuscarora Mining District is in a modern day major gold producing region of Nevada. During the District's early history (1867-1900) over half of the gold produced in Elko County came from Tuscarora (Paher, 1970). Placer gold was discovered in the district in 1867 and production of silver-gold lode deposits began in 1875 (LaPointe, et al., 1991). Total precious metal production between 1867 and 1990 consists of 244,000 ounces of gold and 7,632,000 ounces of silver from quartz veins and quartz stockwork mineralization (Castor, et al., 2003). This includes up to 34,000 ounces of placer gold estimated by Nolan in 1936 (Johnson, 1973).

A great deal of information exists regarding the 150 years of historic exploration and production. There are three distinct periods of historical gold and silver production and exploration.

### 1867 to 1930

In 1867, early gold production came from placer deposits that a Shoshone Indian identified for a trader. The trader convinced six Austin Nevada prospectors to join him on a prospecting expedition. They started on McCann Creek two miles southwest of the future townsite of Tuscarora. The miners organized the District and named it after a warship from the U.S. Civil War. Another 300 miners followed when news of the discovery reached Austin. The following year, nearby vein-type-gold deposits were found, but the mining and milling was not successful.

In 1871, W.O. Weed discovered rich northeast trending silver veins on the east flank of Mt. Blitzen (Paher, 1970). By 1875, the first shipments of silver ore were made and in 1876 bonanza silver ore was found in east-northeast trending veins at the Grand Prize mine, less than a mile northwest of the town (LaPointe, et al, 1991). By 1879, the silver rush was on and production ramped up dramatically. The 1880 census showed 1400 Americans (Chinese placer miners were not tallied), 10 mines, and three mills.

Mines in the northeast trending zone around the Grand Prize included the Independence, Defrees, and Argenta. Nolan (1936) noted that these were silver dominant with a silver-gold ratio of about 150:1.

Although the Grand Prize was one of the deepest shafts (750 feet), most of the development in the district came from a belt of mines to the west town that developed northwest striking veins. Mines along the northwest trend include the North Commonwealth, Commonwealth, Nevada Queen, North Belle Isle, Bell Isle, Navajo, and Dexter.

Near the end of the 1900's, mining began in the low silver, higher-grade gold, southern part of the district. The Dexter mine located immediately south of town, had the most production; approximately 40,000 ounces of gold and 100,000 ounces of silver, between 1897 and 1935 (Nolan, 1936 and LaPointe, et al., 1991). After 1905, almost all of the district-production came from the Dexter.

Underground mining at the Dexter moved outward from higher grade silver and gold quartz-adularia veins into a broader silicified and adularized zone of lower grade stockwork quartz-adularia veinlets mixed with lesser quartz veins. All of which are hosted in lapilli airfall tuffs & ash flows of dacitic composition and fine-grained epiclastic tuffs.

### 1930 to 1982

From 1930 to 1982, work focused on bulk-minable, low-grade gold-silver ore. Many of the early dumps were reworked using heap-leaching techniques; these included the Commonwealth, Grand Prize, Navajo, Nevada Queen, and North Belle Isle mines (LaPointe, et al., 1991). LaPointe, et al. notes numerous operators' reprocessed placer and lode gold waste/spoil piles into the late 1970's. Many of the early efforts suffered from underfunding, poor recoveries, or fires that destroyed recovery plants (Nolan, 1936).

Ristorcelli and Goodall (2003) summarized the District-wide exploration from the 1960's forward. Prior to 1982 four companies completed sporadic exploration-drilling programs in several areas throughout the District.

- 1967: Cyprus Minerals-Kings Prospect area
- 1968: Eklund Drilling-Kings Prospect area
- 1968: Standard Magnesia– old Dexter Mine area, adjacent to Tuscarora Project
- 1981: Duval-Modoc Hill area

1982 to Present

Since 1982, the District had a sustained, exploration effort. This effort has been almost continuous with each subsequent operator building on the previous work. Ultimately, this work focused in the area covered by the Tuscarora Project.

From 1982 to 1995, the companies include:

- 1983-1984: Shell Oil-District wide
- 1983: Hecla-Silica Prospect
- 1984: Northern Dynasty-Kings Prospect area and western part of District
- 1986 & 1988: Jedediah Minerals Company & Cruson and Panze Geologists-District wide, including Modoc Hill and Battle Mountain areas
- 1989-1990: Horizon Gold Corporation and Chevron –Dexter Open Pit Mine,

Crawford (1992) summarized Nevada Department of Taxation records indicating Horizon produced 39,976 ounces of gold and 254,660 ounces of silver from the Dexter Open Pit between 1998 and 1991.

The Horizon mine occupied the area of the old Dexter Mine area and is immediately adjacent to the Tuscarora Project that is the subject of this report.

Three of Chevron's holes encountered "significant mineralization" in the area of Revenue Hill, (South Navajo Vein Area). One hole had 100 ft of 0.02 oz Au/ton, and another had 50 ft of 0.05 oz Au/ton.

- 1991: Corona-Silverado Prospect
- 1992: Battle Mountain-western part of District

From 1995 to 2001, Newcrest Resources Inc. followed by Newmont/Franco Nevada Mining Corp carried out district wide exploration campaigns consisting of detailed compilation of historic data, drilling, geophysics, and geologic mapping (Table 2). The later phases of that program drilling focused on the South Navajo Vein Area.

<b>Year</b>	<b>Company</b>	<b>Work</b>
2014	Nevada Eagle LLC and Platoro West Incorporated	Ground lapsed and restaked
2012/13	Wolfpack Gold Corp	Permitting and reclamation
2010/11	Golden Predator Mines US Inc.	Reclamation Work
2009	Golden Predator Mines US Inc.	Permitting and reclamation
2008	Golden Predator Mines US Inc.	Permitting
2008	Canyon Resources Ltd	Aerial Photography
2007	Canyon Resources Ltd	Geophysics?
2005	Terraco Gold Corp	4 RC holes (2,920 feet)
2003	Terraco Gold Corp	CSAMT Survey

Year	Company	Work
2001	Franco Nevada Mining Corp	Permitting (Plan of Operation)
2000	Franco Nevada Mining Corp	Internal Estimation
1998/9	Newcrest Resources Inc	RC Drilling (27,000 ft); some core)
1997	Newcrest Resources Inc	RC Drilling (1800 feet); petrography
1996	Newcrest Resources Inc	Mapping, RC drilling (12,000 feet)
1995	Newcrest Resources Inc	Compilation and targeting, drilling

**Table 2: Summary of Work**

(adapted from Lindsay, 2016)

The Tuscarora Project (this report) lies south and east of the Dexter open-pit. Newcrest drilled this area. Table 3 notes significant results summarized by Lindsay (2016) from the Newcrest Drilling.

Zone	HoleID	Interval (ft)	Interval (m)	Gold Grade (g/t)	Year
Navajo/South Navajo Vein	TCN2	5	1.5	30	1995
Navajo/South Navajo Vein	TCN3	5	1.5	5.3	1995
Navajo/South Navajo Vein	TN38	5	1.5	182	1998
Navajo/South Navajo Vein	TN40	5	1.5	19	1998
Navajo/South Navajo Vein	TN54	5	1.5	51	1998
East Pediment	TN57	10	3	28.2	1998
East Pediment	TN63	5	1.5	4.6	1998

**Table 3: Reported drill intercepts of select target zones in the Tuscarora Property**

(McCusker, 1999)

The assay values demonstrate narrow and somewhat discontinuous shoots of high-grade gold (up to 182 g/t Au). Newcrest described coarse visible gold that created a metallurgical nugget effect (Jones, 1999).

Subsequent to the Newcrest drilling Franco Nevada, Terraco, Canyon Resources, Golden Predator, and Wolf Pack completed District-wide exploration and/or planning with no new significant additions to the historic exploration data set (Table 2).

In 2015, Novo Resources Corp acquired the 24 TN claims (Table 1) and spent considerable effort to compile and evaluate the historic data using a modern GIS data format. They drilled 10 reverse circulation (RC) drill holes to follow-up on the high gold values drilled by Newcrest (Table 3).

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Novo reported the following:

Hole Number	From (ft)	To (ft)	Length (ft)	Au (opt)	From (m)	To (m)	Length (m)	Au (gpt)	
16TSRC-001	290	305	15	0.039	88.4	93.0	4.6	1.21	
	550	560	10	0.192	167.7	170.7	3.1	5.96	
	555	560	5	0.232	169.2	170.7	1.5	7.20	
16TSRC-002	500	515	15	0.029	152.4	157.0	4.6	0.90	
	520	530	10	2.385	158.5	161.6	3.1	74.18	
	<i>including</i>	<b>525</b>	<b>530</b>	<b>5</b>	<b>4.614</b>	<b>160.1</b>	<b>161.6</b>	<b>1.5</b>	<b>143.50</b>
	530	555	25	0.022	161.6	169.2	7.6	0.69	
	600	610	10	0.035	182.9	186.0	3.1	1.09	
	620	645	25	0.055	189.0	196.7	7.6	1.70	
	<i>including</i>	<b>625</b>	<b>630</b>	<b>5</b>	<b>0.145</b>	<b>190.6</b>	<b>192.1</b>	<b>1.5</b>	<b>4.51</b>
16TSRC-003	240	245	5	0.040	73.2	74.7	1.5	1.25	
	320	375	55	0.023	97.6	114.3	16.8	0.73	
	385	440	55	0.031	117.4	134.1	16.8	0.96	
	<i>including</i>	<b>390</b>	<b>395</b>	<b>5</b>	<b>0.100</b>	<b>118.9</b>	<b>120.4</b>	<b>1.5</b>	<b>3.11</b>
16TSRC-004	205	245	40	0.048	62.5	74.7	12.2	1.50	
	<i>including</i>	<b>205</b>	<b>210</b>	<b>5</b>	<b>0.167</b>	<b>62.5</b>	<b>64.0</b>	<b>1.5</b>	<b>5.20</b>
16TSRC-005	330	355	25	0.029	100.6	108.2	7.6	0.89	
	395	400	5	0.068	120.4	122.0	1.5	2.10	
16TSRC-006	505	510	5	0.691	154.0	155.5	1.5	21.50	
	655	660	5	0.065	199.7	201.2	1.5	2.03	
16TSRC-007	Hole lost due to bad ground conditions								
16TSRC-008	Hole deviated from target								
16TSRC-009	Hole lost due to bad ground conditions								
16TSRC-010	135	160	25	0.038	41.2	48.8	7.6	1.18	
	265	380	115	0.055	80.8	115.9	35.1	1.72	
	<i>including</i>	<b>280</b>	<b>290</b>	<b>10</b>	<b>0.237</b>	<b>85.4</b>	<b>88.4</b>	<b>3.1</b>	<b>7.37</b>
	425	435	10	0.077	129.6	132.6	3.1	2.40	

**Table 4: Tuscarora Project-Novos Resources Corp. Significant Drill Results**

(from Novo Resources Corp., 2016)

Novo drilling summaries and rig-side notes reported visible gold and high-water flows (Sterling, 2016). These communiques noted and discussed discrepancies in assay values and visible gold. As is typical using RC instead of core, when drilling high-grade gold veins Novo saw visible gold in quartz veined areas that returned less grade than might be expected and higher grades where no visible gold was seen. They proposed additional metallurgical and assay work that was not completed.

**Geological Setting, Mineralization and Deposit Types**

*Local and Property Geology*

The Tuscarora volcanic field is the largest example of Eocene age magmatism in Nevada, having formed between ~39.9 and 39.3 Ma, which in part corresponds to the 40 – 37 Ma age of gold mineralization in the Carlin Trend, representing the strongest period of gold mineralization known in the Basin and Range Province (Henry et al, 1998; Castor et al, 2003). The most intense magmatism occurred to the southeast in an area of ~175 mi<sup>2</sup> that encompasses at least five major volcanic centers including the Mount Blitzen volcanic center.

The Tuscarora Mining District lies along the southeast side of Mount Blitzen. The geology of the Mount Blitzen volcanic center has been variably mapped as a stratovolcano, a caldera, and a volcano-tectonic



graben, which indicates the complex volcano-magmatic nature of this feature (Henry et al., 1998). Massive thicknesses of dacitic domes, dacitic air-fall and pyroclastic ash-flow tuffs, and reworked epiclastic deposits fill this volcanic center (Henry et al, 1998).

The oldest rocks in the area, cropping out approximately 1.5 miles north of the town of Tuscarora, are chert and quartzite of the Ordovician Valmy Formation. This sedimentary basement is overlain by up to 5,000 feet of Eocene Mt. Blitzen and Pleasant Valley volcanic rocks which are composed of dacitic to andesitic flows, dacitic domes, pyroclastic flows, breccias, ashflow tuffs, and tuffaceous sedimentary rocks. These are intruded by porphyritic biotite hornblende dacite. Overlying these rocks are up to 500 feet of Tertiary to Quaternary-age alluvium gravels and lacustrine deposits that thicken southward.

The base of the volcanic sequence is a thick moderately-welded, latitic, lithic and pumice lapilli tuff. The tuff becomes more fine-grained upward gradationally with no apparent depositional breaks. Volcaniclastic and sedimentary rocks that vary greatly in thickness, continuity, and distribution overlie the tuff. Sedimentary rocks in this sequence range from siltstone to conglomerate, and consist of mostly reworked volcanic rocks and some clasts of Paleozoic quartzite, chert, and shale. The volcaniclastic rocks in the sequence include clast-rich breccia and fine pumiceous ash-flow tuffs. Dacitic lava flows unconformably overlay the volcaniclastic sequence. The volcanic sequence consistently dips 10° to 45° southeast, except where disrupted by faulting. In the vicinity of the dacite intrusions, sedimentary rocks are deformed and layering is dipping in a variety of directions. Porphyritic biotite-hornblende dacite dikes, sills, and small stocks intrude the volcanic rocks. These intrusions are in contact with the lithic-pumice lapilli tuff along faults. Contacts are marked by clay-rich rubble zones.

The Tuscarora Mining district lies approximately 25 miles northeast of the Carlin Trend, approximately 14 miles southwest of the Jerritt Canyon deposit, and approximately 30 miles east-northeast of the Midas deposit. The district clearly displays gold and silver in low sulfidation epithermal quartz-adularia veins and stockwork veins associated with dacitic intrusives and structures formed along the southeast margin of Mount Blitzen. The northern silver-rich portion of the precious metals district occurs immediately north of the Project area. The silver-rich portion has high Ag:Au ratios (>100), strong base metals, and typically display narrow alteration selvages around quartz-carbonate veins hosted mostly in intrusive dacite. In contrast the southern gold rich portion of the district, including the historic Dexter Mine and the Tuscarora Project, have relatively low Ag:Au ratios (<15), contain almost no base metals, underwent local boiling, and displays widespread silicification and adularization along with stockwork veining and vug-fills in tuffs and fine-grained epiclastic rocks.

Both zones have relatively high As and Sb, and low Bi, Te, and W, but the northern silver zone has distinctively high Ca, Pb, Mn, Zn, Cd, Tl, and Se, whereas the southern gold zone has high Hg and Mo (Boden, et al, 1993; Castor, et al, 2003).

### *Mineralization*

Historical work has documented gold and silver production throughout the Tuscarora District. History – 1982 to Present describes several drilling phases with multiple drill holes containing gold mineralization within the South Navajo Vein and East Pediment areas. Historic drilling by Novo (Table 4) and Newcrest (**Table 3**) outlined vein zones with 5 to 40 feet of gold mineralization intersected in drilling.

The work completed and data available are insufficient to determine the length, width, depth, or continuity of the mineralization. However, the mineralization indicated by these intervals indicates further work is justifiable. The historic work is not of sufficient density and veracity to determine a quantifiable distribution of gold and no mineral resources or reserves have been defined on the Project.

Novo drilling descriptions indicate the higher-grade gold values and intervals are coincident with sulfide-bearing and oxidized quartz veins. These vein-zones are commonly within quartz-adularia altered tuff or are surrounded by chloritic zones in the tuff.

### *Deposit Types*

Gold and silver in the Tuscarora District is found in quartz-adularia veins hosted in volcanic rocks. Gold in placer-type deposits also played an important role in the early development of the District but are no longer of commercial interest.

Geologic work beginning with Nolan (1936) identified the strong association of quartz- adularia, along with carbonate, sericite, and pyrite in veins & vein stockworks. In general there is widespread propylitization throughout the intrusive rocks in the District. More recent work by Castor, et al. (2003) commented, "*The district is a particularly clear example of association of low-sulfidation deposits with igneous activity and structure...*". They further describe the unusual occurrence of distinct, silver dominance (Ag: Au ratio =110-150) in the northern part of the district and immediately adjacent to that the gold dominance (Ag: Au ratio = 4-14) in the southern part of the district.

The southern gold dominant, low-sulfidation veins and vein stockwork zones are the primary deposit-type of interest in for this Project.

### **Exploration**

The Company has done no exploration on the Tuscarora Property.

### **Drilling**

The Company has done no drilling on the Tuscarora Property.

### **Sampling, Analysis and Data Verification**

American Pacific Mining Corp. has done no sampling on the Tuscarora Property.

Samples TR-1 to TR-3 were collected for data verification. They remained in the possession of the author until delivered directly to the Bureau Veritas Minerals (BV-M) sample preparation facility in Elko, Nevada. BV-M is an accredited laboratory with industry standard certifications ISO17025-Scope of Accreditation (Bureau Veritas Commodities Canada, 2015) and ISO9001-Quality Management System (Bureau Veritas Minerals, 2015).

The samples were prepared using a standard rock crush and pulverization with 70% passing -2mm and then pulverized; with >85% of 300g passing 75 µm. Using a 30g split gold content is determined with a fire assay fusion & AA finish. Forty-five (45) other element contents are determined using a 4-acid digestion and ICP multispectral process (Table 5).

Analyte	Au	Mo	Cu	Pb	Zn	Ag	Ni	Co	Mn	Fe	As	U
Unit of Measure	PPM	PPM	PPM	PPM	PPM	PPM	PPM	PPM	PPM	%	PPM	PPM
Lower Limit of Detection	0.005	0.1	0.1	0.1	1	0.1	0.1	0.2	1	0.01	1	0.1
TR-1	0.305	0.5	5	18.2	12	5.7	1.6	2.9	91	4.7	160	2.6
TR-2	0.441	2.9	24.1	20.2	75	24.6	2.7	4	488	2.96	186	3.6
TR-3	0.077	0.8	8.1	20.3	27	13.5	1.2	2	1027	1.43	194	2.8
Analyte	Th	Sr	Cd	Sb	Bi	V	Ca	P	La	Cr	Mg	Ba
Unit of Measure	PPM	PPM	PPM	PPM	PPM	PPM	%	%	PPM	PPM	%	PPM
Lower Limit of Detection	0.1	1	0.1	0.1	0.1	1	0.01	0.001	0.1	1	0.01	1
TR-1	6.3	130	<0.1	8.7	0.2	17	0.03	0.005	20.2	3	0.07	55
TR-2	9.9	196	0.3	34.6	<0.1	51	0.11	0.036	29.3	6	0.05	1621
TR-3	10.3	138	0.1	10.7	0.2	17	0.08	0.022	32.4	2	0.09	1848
Analyte	Ti	Al	Na	K	W	Zr	Ce	Sn	Y	Nb	Ta	Be
Unit of Measure	%	%	%	%	PPM	PPM	PPM	PPM	PPM	PPM	PPM	PPM
Lower Limit of Detection	0.001	0.01	0.001	0.01	0.1	0.1	1	0.1	0.1	0.1	0.1	1
TR-1	0.126	4.64	0.067	5.57	1.4	97.5	52	1.6	9.8	10.5	0.6	1
TR-2	0.238	5.99	0.18	6.58	3.1	105.6	62	1.3	14	10.2	0.6	1
TR-3	0.192	5.12	0.145	5.49	3.4	88.8	64	1.6	11.3	11.6	0.6	2
Analyte	Sc	Li	S	Rb	Hf	In	Re	Se	Te	Tl	Job Number	
Unit of Measure	PPM	PPM	%	PPM	PPM	PPM	PPM	PPM	PPM	PPM		
Lower Limit of Detection	1	0.1	0.1	0.1	0.1	0.05	0.005	1	0.5	0.5		
TR-1	2	28.6	4.6	273.1	2.7	<0.05	<0.005	3	<0.5	5.1	EKO17000195	
TR-2	6	34.8	<0.1	279.8	2.7	0.05	<0.005	<1	<0.5	6.6	EKO17000195	
TR-3	3	35.2	<0.1	227	2.5	<0.05	<0.005	<1	<0.5	6.4	EKO17000195	

**Table 5: Verification Sample Results for TR-1, TR-2, TR-3**

Samples TR-1 to TR-3 collected for data verification are shown on Table 5. These samples provided geochemical results to compare to information in Item 6.0-History. Direct comparison is not practical since most of the data for this project consists of drill sample geochemical data; as well as lack of information regarding the collection procedure, analytical techniques, or labs for the historic samples. However, the order of magnitude-similarity for gold and silver are sufficient to suggest that historical data are reasonable. Thus, these data are appropriate and viable for interpretation of the data, conclusions, and proposing further work.

The author did not pursue verification of the historic drilling data. These data are consistent from company to company, as each entity carried out their exploration programs. Thus, the historic data is adequate for determining if Tuscarora is a project worthy of further exploration.

The non-historical data presented in this report is from published academic, professional, and governmental groups. The author is familiar with the regional setting from professional experience and believes this data is adequate.

### ***Mineral Processing and Metallurgical Testing***

There has been no mineral processing or metallurgical testing on the Tuscarora Property.

### ***Mineral Resource and Mineral Reserve Estimates***

There have been no mineral resource estimates made for the Tuscarora Property and there have been no mineral reserve estimates calculated for the Tuscarora Property.

### ***Mining Operations***

There have been no mining methods determined for the Tuscarora Property.

### ***Processing and Recovery Operations***

There are no recovery methods for the Tuscarora Property.

### ***Infrastructure, Permitting and Compliance Activities***

There are no project infrastructure plans for the Tuscarora Property.

There are no environmental studies, nor studies for permitting, nor studies for social or community impact on the Tuscarora Property.

### ***Capital and Operating Costs***

There are no capital or operating cost studies for the Tuscarora Property., and there has been no economic analysis performed for the Tuscarora Property.

### ***Exploration, Development, and Production***

The long-lived nature of the historic work at Tuscarora points to an integrated exploration effort designed to better understand the geometry of the veins and develop sampling techniques that will address the coarse gold. A single extensive exploration project is warranted with drilling and sample methods adapted as the work is in progress. Thus, a continuous program is proposed, with a natural decision point built into the drilling portion, should it be necessary to adjust the core drilling for length of holes, drilling technique (oriented core use or not), and assay methods. Therefore, part 4 is divided into two parts.

#### Recommended Exploration Program

1. Evaluate the coarse gold nature of the high-grade analyses from the historic work by Novo and Newcrest using remaining sample material from Novo to carry out metallurgical screen assays. This will provide a sound basis with which to proceed with future drill sampling and improve on the analytical protocols.
2. Complete Gradient Array IP and Ground-based gravity geophysical surveys to better define the vein locations, to develop a more detailed understanding of the vein orientations, and improve the understanding of fault offsets.
3. Combine the historic GIS and compilation work completed with the geophysical results to delineate drill hole collar locations, azimuths, and inclinations that will best extend previous high-grade gold intercepts.
- 4.(a) Drill core holes adjacent to higher grade Novo drill intercepts utilizing oriented core-drilling methodologies for the South Navajo Vein area. Also, drill core holes to test for strike and dip extensions of the veins. Drill RC holes in the South Navajo Vein and East Pediment areas as scout holes to test results of geophysical surveys. Approximately 4,200 feet of core (6 holes) and 2,800 feet of RC (3 holes) is estimated.
- 4.(b) Approximately 7,000 feet of core (10 holes) are recommended to extend the veins along their strike and dip in the South Navajo and East Pediment areas. This would utilize the data from 4a. to adjust drilling and sampling methods as required.

Using a staged start for each task the 4 items can be carried on at the same time. Once initiated, the metallurgical screens and evaluation of the historic data do not have to be completed in order to begin the drilling program. Long lead times on core hole completion, cutting the core, and getting assay results will allow for several of the core twin holes to begin early in the exploration effort. Geophysics can begin early in the program so that as the drilling of the known areas progresses, then later drilling can benefit from that work to test for vein extensions and blind veins.

The total budget for this program estimated to be \$1,262,000 (Table 6).

<i>Tuscarora Project</i>	<i>Elko County</i>	<i>Nevada</i>	
<u>Geology</u>	<u>Estimate</u>	<u>Rate (\$)</u>	<u>Cost (\$)</u>
<i>Geology-Compilation/Evaluation</i>	90	\$650.00	\$58,500
<i>Travel Expenses (room &amp; board)</i>	90	\$140.00	\$12,600
<i>Mileage</i>	1998	\$0.60	\$1,199
		<b>Subtotal</b>	<b>\$72,299</b>
<b>Drilling</b>			
<i>Drilling-Rig Costs</i>			\$614,891
<i>Drill Sample Assaying</i>			\$102,200
<i>Drill Supervision/Logging</i>	286	\$650	\$185,900
<i>Review of Results</i>	0	\$650	\$0
<i>Travel Expenses (room &amp; board)</i>	286	\$140.00	\$40,040
<i>Mileage</i>	31746	\$0.60	\$19,048
<i>Oriented Core Program (use 5% add on form tooling/implementation)</i>			\$13,761.53
<i>Core Storage Warehouse (Annual)</i>	1	\$18,000.00	\$18,000
<i>Core Cutting</i>	112	\$160.00	\$17,920
<i>Drill Site Preparation &amp; Reclamation</i>			\$33,860.00
		<b>Subtotal</b>	<b>\$1,045,620</b>
<b>Analytical</b>			
<i>Metalurgical Screen Samples</i>	100	\$60	\$6,000
<i>Geochemical Sampling (Rocks)</i>	0	\$0	\$0
<i>Geochemical Sampling (Assays)</i>	0	\$52	\$0
		<b>Subtotal</b>	<b>\$6,000</b>
<b>Geophysics</b>			
<i>Geophysics (Gravity)</i>	100	\$40	\$4,000
<i>Geophysics (Magnetics)</i>	0	\$120	\$0
<i>Geophysics (IP) (\$4000 mob &amp; \$2,250 per km)</i>	25	\$2,250	\$60,250
<i>Geophysics (CSAMT)</i>	0	\$0	\$0
<i>Geophysics (Interpretation)</i>	1	\$2,000	\$2,000
		<b>Subtotal</b>	<b>\$66,250</b>
<b>Contingency</b>			
		5%	\$59,508
		\$1,249,677	<b>Total</b> <b>\$1,249,677</b>

**Table 6: Exploration Program Budget**

## DESCRIPTION OF CAPITAL STRUCTURE

APM's authorized capital consists of an unlimited number of Common Shares without par value, of which 53,420,333 Common Shares issued and outstanding as of the date of this AIF. The Company is also authorized to issue an unlimited number of preferred shares. There are no preferred shares issued and outstanding as at the date of this AIF.

### Common Shares

The following is a summary of the material provisions that attach to the Common Shares:

- (a) *Voting.* The holders of the Common Shares shall be entitled to receive notice of and to attend all meetings of the shareholders of the Company and shall have one vote for each Common Share held at all meetings of the shareholders of the Company, except meetings at which only holders of another specified class or series of shares of the Company are entitled to vote separately as a class or series.
- (b) *Dividends.* Subject to the prior rights of the holders of the Preferred Shares and any other shares ranking senior to the Common Shares with respect to priority in payment of dividends, the holders of Common Shares shall be entitled to receive dividends and the Company shall pay dividends thereon, as and when declared by the directors of the Company out of moneys properly applicable to the payment of dividends, in such amount and in such form as the directors of the Company may from time to time determine and all dividends which the directors of the Company may declare on the Common Shares shall be declared and paid in equal amounts per share on all Common Shares at the time outstanding.
- (c) *Participation in Liquidation.* In the event of the liquidation, dissolution or winding-up of the Company or any other distribution of assets of the Company among its shareholders for the purpose of winding-up its affairs or upon a reduction of capital, the holders of the Common Shares shall, subject to the prior rights of the holders of the Preferred Shares and any other shares ranking senior to the Common Shares in respect of priority in the distribution of assets upon liquidation, dissolution, winding-up or any other distribution of assets for the purpose of winding-up or a reduction of capital, be entitled to share equally, share for share, in the remaining assets and property of the Company.

As of the date of this AIF the following Common Shares are issued and outstanding:

<u>Date</u>	<u>Number of Securities</u>	<u>Issue Price Per Security</u>	<u>Aggregate Issue Price</u>
July 1, 2017	1	\$1	\$1
July 1, 2017 <sup>(1)</sup>	500,000	\$0.05	\$25,000
October 25, 2017 <sup>(2)</sup>	10,230,000	\$0.05	\$511,500
March 2, 2018 <sup>(3)</sup>	9,690,000	\$0.10	\$975,448
March 2, 2018 <sup>(4)</sup>	11,365,000	\$0.25	\$2,711,124
March 8, 2018 <sup>(5)</sup>	500,000	\$0.38	\$190,000
March 8, 2018 <sup>(6)</sup>	266,666	\$0.38	\$101,333
July 17, 2018 <sup>(7)</sup>	200,000	\$0.20	\$40,000
October 25, 2018 <sup>(8)</sup>	1,000,000	\$0.11	\$110,000

<b>Date</b>	<b>Number of Securities</b>	<b>Issue Price Per Security</b>	<b>Aggregate Issue Price</b>
February 28, 2019 <sup>(9)</sup>	7,502,000	\$0.10	\$750,2002
February 28, 2019 <sup>(10)</sup>	7,100,000	\$0.10	\$710,000
March 8, 2019 <sup>(11)</sup>	1,000,000	\$0.05	\$ 50,000
March 8, 2019 <sup>(12)</sup>	266,666	\$0.25	\$ 66,667
March 22, 2019 <sup>(13)</sup>	3,800,000	\$0.15	\$570,000
<b>Total:</b>	<b>53,420,333</b>	<b>N/A</b>	<b>N/A</b>

**Notes:**

- 500,000 Common Shares issued as consideration for the South Lida Property (see “*General Development of the Business – Three Year History – 2017*”; see “*Business Description – Non-Material Mineral Properties – South Lida Property, Nevada, U.S.*”).
- 10,230,000 Seed Shares issued pursuant to the Seed Placement (see “*General Development of the Business – Three Year History – 2017*”).
- 9,690,000 Common Shares issued upon conversion of the Debentures. As a result of the conversion, the Company reclassified \$573,592 and \$401,856 from the Debentures and equity portion of the Debentures, respectively, to share capital (see “*General Development of the Business – Three Year History – 2018*”).
- 11,365,000 Common Shares and 5,682,500 Warrants issued upon conversion of the Special Warrants. Each Warrant entitled the holder thereof to subscribe for one Common Share at an exercise price of \$0.35 per Common Share. The Warrants expired on March 9, 2019. As a result of the conversion, the Company reclassified \$2,711,124 from Special Warrants reserve to share capital (see “*General Development of the Business – Three Year History – 2018*”).
- 500,000 Common Shares issued as consideration for the South Lida Property, at a deemed price of \$0.38 per Common Share (see “*General Development of the Business – Three Year History – 2018*”; see “*Business Description – Non-Material Mineral Properties – South Lida Property, Nevada, U.S.*”).
- 266,666 Common Shares issued as consideration for the Tuscarora Property, at a deemed price of \$0.38 per Common Share (see “*General Development of the Business – Three Year History – 2018*”).
- 200,000 Common Shares issued to an investor relations consultant at a deemed price of \$0.20 per Common Share (see “*General Development of the Business – Three Year History – 2018*”).
- 1,000,000 Common Shares issued as consideration for the South Lida Property, at a deemed price of \$0.11 per Common Share (see “*General Development of the Business – Three Year History – 2018*”; see “*Business Description – Non-Material Mineral Properties – South Lida Property, Nevada, U.S.*”).
- 14,602,000 Common Shares issued pursuant to the February 2019 Financing. Each unit consists of one Common Share and one-half Warrant. Each whole Warrant entitles the holder to purchase one additional Common Share of the Company at an exercise price of \$0.20 for a period of twelve months, subject to earlier expiry (see “*General Development of the Business – Three Year History – Subsequent to Year Ended December 28, 2018*”). In connection with the private placement, the Company paid \$35,364 and issue 353,640 Finder’s Warrants priced at \$0.20 as finders’ fees.
- 1,000,000 Common Shares issued as consideration of the South Lida Property, at a deemed price of \$0.05 per Common Share (see “*General Development of the Business – Three Year History – Subsequent to Year Ended December 28, 2018*”; see “*Business Description – Non-Material Mineral Properties – South Lida Property, Nevada, U.S.*”).
- 266,666 Common Shares as consideration for the Tuscarora Property, at a deemed price of \$0.25 per Common Share (see “*General Development of the Business – Three Year History – Subsequent to Year Ended December 28, 2018*”).
- 2,800,000 Common Shares issued Share to Future Trends, LLC and affiliates, an arm’s length third party, at a deemed price of \$0.15 per Common Share for consulting services to be rendered over a three-year term.
- 1,000,000 Common Shares issued to Capital Pearl Investments Inc., an arm’s length third party, at a deemed price of \$0.15 per Common Share for consulting services to be rendered over a one year term. See “*General Development of the Business – Three Year History – Subsequent to Year Ended December 28, 2018*”.

**Preferred Shares**

The preferred shares have certain privileges, restrictions and conditions. Preferred shares may be issued in one or more series and the directors may from time to time fix the number and designation and create special rights and restrictions.

## **Stock Options**

The Company has a 10% rolling stock option plan will be approved by the Company’s Board of Directors (the “**Stock Option Plan**”) on March 8, 2018. The purpose of the Stock Option Plan is to assist the Company in attracting, retaining and motivating directors, officer, employees, consultants and contractors of the Company and of its affiliates and to closely align the personal interests of such service providers with the interests of the Company and its shareholders.

The Stock Option Plan will provide that the aggregate number of securities reserved for issuance will be 10% of the number of Common Shares issued and outstanding from time to time.

The Stock Option Plan is to be administered by the Board, which has full and final authority with respect to the granting of all options thereunder.

Options may be granted under the Stock Option Plan to such service providers of the Company and its affiliates, if any, as the Board may from time to time designate. The exercise prices will be determined by the Board, but will, in no event, be less than the closing market price of Common Shares on (a) the trading day prior to the date of grant of the stock options; and (b) the date of grant of the stock options. All options granted under the Stock Option Plan will expire not later than the date that is ten years from the date that such options are granted. Options granted under the Stock Option Plan are not transferable or assignable other than by testamentary instrument or pursuant to the laws of succession.

As at the date of this AIF, the following stock options are outstanding under the Option Plan:

**Table 7 – Outstanding Stock Options**

<b>Number of Options</b>	<b>Exercise Price</b>	<b>Expiry Date</b>
2,050,000	\$0.25	March 8, 2023
100,000	\$0.30	March 19, 2023
300,000	\$0.25	June 29, 2023
1,000,000	\$0.28	April 15, 2024

## **Warrants**

### ***Common Share Purchase Warrants***

The Company has the following Warrants outstanding to purchase Common Shares:

<b>Date</b>	<b>Number of Securities</b>	<b>Exercise Price</b>	<b>Expiry Date</b>	<b>Aggregate Conversion Price</b>
February 28, 2019	7,301,000	\$0.20	February 28, 2020	\$1,460,200
<b>Total:</b>	<b>7,301,000</b>	<b>N/A</b>	<b>N/A</b>	<b>N/A</b>

### **Notes:**

- (1) Issued pursuant to the February 2019 Financing (see “*General Development of the Business – Three Year History – Subsequent to Year Ended December 28, 2018*”).

### ***Finder’s Warrants***

The Company has the following Finder’s Warrants outstanding to purchase Common Shares:



Date	Number of Securities	Exercise Price	Expiry Date	Aggregate Conversion Price
February 28, 2019	353,640	\$0.10	February 28, 2020	\$35,364
<b>Total:</b>	353,640	<b>N/A</b>	<b>N/A</b>	<b>N/A</b>

**Notes:**

- (1) Issued pursuant to the February 2019 Financing (see "General Development of the Business – Three Year History – Subsequent to Year Ended December 28, 2018").

**ESCROWED SECURITIES AND RESALE RESTRICTIONS**

**Escrowed Securities**

As of May 22, 2019, the following Common Shares are subject to escrow as shown in the following table:

Designation of Class	Number of securities held in escrow	Percentage of class
Common Shares	1,050,001 <sup>(1)(2)</sup>	1.97% <sup>(3)</sup>

**Notes:**

- (1) Upon Listing, a total of 1,750,001 Common Shares were held in escrow to be released in accordance with NP 46-201 and the terms and conditions of the Escrow Agreement.  
 (2) 150,001 Common Shares held by Warwick Smith, 150,000 Common Shares held by Eric Saderholm, 330,000 Common Shares held jointly by Norman Wareham and Catherine Wareham, 120,000 Common Shares held by Alnesh Mohan and 300,000 Common Shares held by Ken Cunningham are currently subject to escrow under the Escrow Agreement.  
 (3) Based on 53,420,333 Common Shares issued and outstanding.

**Escrow Agreement**

NP 46-201 provides that all shares of an issuer owned or controlled by its Principals will be escrowed at the time of the issuer's initial public offering.

At the time of its initial public offering, an issuer will be classified for the purposes of escrow as either an "exempt issuer", an "established issuer" or an "emerging issuer" as those terms are defined in NP 46-201.

Uniform terms of automatic timed-release escrow apply to Principals of exchange listed issuers, differing only according to the classification of the issuer. As the Common Shares were listed on the Exchange, the Company was classified as an "emerging issuer" for the purposes of NP 46-201 and Exchange policies. As such, the following automatic timed releases was applied, and continues to apply, to the securities held by the Company's Principals:

Date of Automatic Timed Release	Amount of Escrowed Securities Released
On the Listing Date	1/10 of the escrowed securities
6 months after the Listing Date	1/6 of the remaining escrowed securities
12 months after the Listing Date	1/5 of the remaining escrowed securities
18 months after the Listing Date	1/4 of the remaining escrowed securities
24 months after the Listing Date	1/3 of the remaining escrowed securities
30 months after the Listing Date	1/2 of the remaining escrowed securities
36 months after the Listing Date	The remaining escrowed securities

Assuming there are no changes to the escrowed securities initially deposited and no additional escrowed securities are deposited, automatic timed-release escrow applicable to the Company will result in a 10%

release on the Listing Date, with the remaining escrowed securities being released in 15% tranches every six months thereafter.

The automatic timed-release provisions under NP 46-201 pertaining to "established issuers" provide that 25% of each Principal's and shareholder's escrowed securities are released on the Listing Date, with an additional 25% being released in equal tranches at six-month intervals over eighteen months. If, within eighteen months of the Listing Date, the Company meets the "established issuer" criteria as set out in NP 46-201, the escrowed securities will be eligible for accelerated release available for established issuers. In such a scenario, that number of escrowed securities that would have been eligible for release from escrow if the Company had been an "established issuer" on the Listing Date will be immediately released from escrow. The remaining escrowed securities would be released in accordance with the timed-release provisions for established issuers, with all escrowed securities being released eighteen months from the Listing Date.

## MARKET FOR SECURITIES

### Trading Price and Volume

The Common Shares were listed and posted for trading on the CSE commencing March 8, 2018.

The following table sets out the high and low sale prices and the aggregate volume of trading of the Common Shares on the CSE for the months indicated.

**Table 8 – Trading Price and Volume on CSE**

<b>Date</b>	<b>High (\$)</b>	<b>Low (\$)</b>	<b>Volume (no. of Common Shares)</b>
March 8, 2018 (Listing Date)	0.38	0.28	922,050
April 2018	0.41	0.33	956,105
May 2018	0.39	0.315	1,083,856
June 2018	0.315	0.175	2,493,760
July 2018	0.22	0.155	1,927,176
August 2018	0.165	0.11	1,062,531
September 2018	0.12	0.09	1,649,700
October 2018	0.14	0.075	3,011,801
November 2018	0.12	0.07	934,251
December 2018	0.08	0.04	2,729,685
January 2019	0.13	0.065	6,528,409
February 2019	0.215	0.115	11,185,071
March 2019	0.255	0.16	14,325,544
April 2019	0.295	0.155	22,061,389

### Prior Sales

In the financial year ended December 31, 2018 and up until the date of this AIF, APM issued the following securities that were not listed or quoted on any stock exchange:

<u>Date of Issuance</u>	<u>Number of Securities Issued</u>	<u>Issue/Exercise Price</u>
March 8, 2018	2,050,000 Stock Options	\$0.25
March 19, 2018	100,000 Stock Options	\$0.30
June 29, 2018	300,000 Stock Options	\$0.25
April 15, 2019	1,000,000 Stock Options	\$0.28

## DIRECTORS AND EXECUTIVE OFFICERS

### Name, Occupation and Security Holding

The following table sets out the names, province or state and country of residence, positions with or offices held with APM, and principal occupation for the past five years of each of APM's directors and executive officers, as well as the period during which each has been a director of APM.

The term of office of each director of APM expires at the annual general meeting of shareholders each year.

**Table 9 – Directors and Executive Officers**

<b>Name, Position and Province/State and Country of Residence</b>	<b>Principal Occupation During the Past Five Years</b>	<b>Director Since <sup>(2)</sup></b>
<b>Warwick Smith</b> <sup>(1) (5)</sup> Age 42 CEO and Director Vancouver, BC	CEO of Harbourside Consulting Corporation since March 2005; CEO of HealthSpace Informatics Ltd. from April 2015 to October 2016; CEO of Western Pacific Resources Corp. from February 2010 to February 2014.	July 1, 2017
<b>Eric Saderholm</b> <sup>(2)</sup> Age: 58 President and Director Nevada, USA	Geologist and Manager of Sirius Exploration LLC since January 2008; Vice President of Exploration of Western Pacific Resources Corp. from February 27, 2013 until July 27, 2016; President of Western Pacific Resources Corp. from September 2010 until February 27, 2013.	January 25, 2018
<b>Norman Wareham</b> <sup>(3)</sup> Age 66 CFO, Corporate Secretary and Director Owen Sound, ON	Vice-President, CFO and Director for Kilannan Brewing Company Limited since January 2014; Accountant for Kilannan Brewing Company Limited from January 2011 to December 2013.	January 25, 2018
<b>Alnesh Mohan</b> <sup>(5) (6)</sup> Age 47 Director Burnaby, BC	Partner at Quantum Advisory Partners LLP since September 2005.	January 25, 2018
<b>Ken Cunningham</b> <sup>(4) (5)</sup> Age 69 Director Nevada, USA	Director of Copperbank Resources Corp.; President and Chief Executive Officer and Chairman of Miranda Gold Corp.; Director of Red Eagle Mining from 2011 to 2015.	January 25, 2018

**Notes:**

- (1) Mr. Smith holds 725,001 Common Shares directly and 420,000 Common Shares indirectly through Harbourside Consulting Inc. Mr. Smith also holds Options to purchase 300,000 Common Shares at an exercise price of \$0.25 per Common Share, Options to purchase 100,000 Common Shares at an exercise price of \$0.28 per Common Share and Warrants to purchase 125,000 Common Shares at an exercise price of \$0.20 per Common Share.
- (2) Mr. Saderholm holds 750,000 Common Shares, Options to purchase 300,000 Common Shares at an exercise price of \$0.25 per Common Share.
- (3) Mr. Wareham holds 310,000 Common Shares and 330,000 Common Shares jointly with Mrs. Wareham. Mr. Wareham also holds Options to purchase 200,000 Common Shares at an exercise price of \$0.25 per Common Share and Options to purchase 100,000 Common Shares at an exercise price of \$0.28 per Common Share.
- (4) Mr. Cunningham holds 500,000 Common Shares indirectly through the Cunningham-Brock Trust, Options to purchase 200,000 Common Shares at an exercise price of \$0.25 per Common Share and Options to purchase 100,000 Common Shares at an exercise price of \$0.28 per Common Share.
- (5) Member of audit committee.
- (6) Mr. Mohan holds 200,000 Common Shares indirectly through Quantum Advisory Partners LLP, Options to purchase 200,000 Common Shares at an exercise price of \$0.25 per Common Share and Options to purchase 100,000 Common Shares at an exercise price of \$0.28 per Common Share.

As of the date of this AIF, the directors and officers of the Company, as a group, own or control or exercise direction over 5,930,001 Common Shares, representing 11.1% of the current issued and outstanding Common Shares.

**Cease Trade Orders, Bankruptcies, Penalties or Sanctions**

No director or officer of the Company is, or has been within the past ten years, a director or officer of any other issuer that, while such person was acting in that capacity, was:

- (a) the subject of a cease trade or similar order or an order that denied the issuer access to any statutory exemptions for a period of more than 30 consecutive days; or
- (b) was declared bankrupt or made a voluntary assignment in bankruptcy, made a proposal under any legislation relating to bankruptcy or insolvency or been subject to or instituted any proceedings, arrangement or compromise with creditors or had a receiver, receiver manager or trustee appointed to hold the assets of that person.

**Conflicts of Interest**

Conflicts of interest may arise as a result of the directors and officers of the Company also holding positions as directors or officers of other companies. Some of the individuals who will be directors and officers of the Company have been and will continue to be engaged in the identification and evaluation of assets, businesses and companies on their own behalf and on behalf of other companies, and situations may arise where the directors and officers of the Company will be in direct competition with the Company. Conflicts, if any, will be subject to the procedures and remedies provided under British Columbia corporate law. Directors who are in a position of conflict will abstain from voting on any matters relating to the conflicting company.

**LEGAL PROCEEDINGS AND REGULATORY ACTIONS**

To the best knowledge of APM's management, there are no legal proceedings involving APM or its properties as of the date of this AIF and APM knows of no such proceedings currently contemplated.

No penalties or sanctions have been imposed against APM by a court relating to securities legislation or by a securities regulatory authority during APM's financial year, no penalties or sanctions have been imposed by a court or regulatory body against APM that would likely be considered important to a reasonable investor in making an investment decision and no settlement agreements have been entered into by APM before a court relating to securities legislation or with a securities regulatory authority during the financial year.

## INTEREST OF MANAGEMENT AND OTHERS IN MATERIAL TRANSACTIONS

To the knowledge of the directors and executive officers of APM, there were no material interests, direct or indirect, of directors or executive officers of APM, any shareholder of APM who beneficially owns, directly or indirectly, or exercised control or direction over Common Shares carrying more than 10% of the voting rights attached to all outstanding Common Shares, or any known associate or affiliate of such persons, in any transaction during the three most recently completed financial year of APM or during the current financial year that has materially affected or is reasonably expected to materially affect APM, other than as disclosed herein.

## AUDITOR, TRANSFER AGENT AND REGISTRAR

APM's auditors are Davidson & Co. LLP, 1200 - 609 Granville St, Vancouver BC V7Y 1G6.

APM's registrar and transfer agent for its Common Shares is TSX Trust Company, 301 – 100 Adelaide Street West, Toronto ON M5H 4H1.

## MATERIAL CONTRACTS

APM's material contracts as of the date of this AIF include:

- Escrow Agreement (see "*Escrowed Securities and Resale Restrictions – Escrow Agreement*");
- Tuscarora Option Agreement (see "*Business Description – Material Mineral Projects – Tuscarora Property, Elko County, Nevada, U.S.*");
- OceanaGold Earn-In Agreement (see "*Business Description – Material Mineral Projects – Tuscarora Property, Elko County, Nevada, U.S.*"); and
- JPL Option Agreement (see "*Business Description – Non-Material Mineral Projects – JPL Projects, Esmeralda County, Nevada, U.S.*").

## INTERESTS OF EXPERTS

Eric Saderholm, President of the Company, is the Qualified Person that has reviewed and approved the scientific and technical information disclosed in this AIF.

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

- The Technical Report on the Tuscarora Property was prepared by Ernest L. "Buster" Hunsaker III, CPG 8137 of Hunsaker Inc. Mr. Hunsaker has no interest in the Company, the Company's securities or the Tuscarora Property.

Other than as disclosed herein, none of the persons set out under the heading "*Experts – Names of Experts*" have held, received or is to receive any registered or beneficial interests, direct or indirect, in any securities or other property of the Company or of its associates or affiliates when such person prepared the report, valuation, statement or opinion aforementioned or thereafter.

### ***Independent Auditor***

Davidson & Co. LLP, of Vancouver, British Columbia, has prepared the Auditor's Report with respect to the consolidated financial statements of APM for the years ended December 31, 2018. Davidson & Co. LLP is independent of the Company within the meaning of the Rules of Professional Conduct of the Chartered Professional Accountants of British Columbia and the applicable rules and regulations of the United States Securities and Exchange Commission and the Public Company Accounting Oversight Board (United States).

## **AUDIT COMMITTEE INFORMATION**

### **Audit Committee Charter**

The primary responsibility of the Audit Committee is that of oversight of the financial reporting process on behalf of the Board. This includes oversight responsibility for financial reporting and continuous disclosure, oversight of external audit activities, oversight of financial risk and financial management control, and oversight responsibility for compliance with tax and securities laws and regulations as well as whistle blowing procedures. The Audit Committee is also responsible for the other matters as set out in this charter and/or such other matters as may be directed by the Board from time to time. The Audit Committee should exercise continuous oversight of developments in these areas.

The Company's Audit Committee Charter is attached hereto as Schedule "A" to this AIF.

### **Composition of the Audit Committee**

The Audit Committee of the Company consists of Warwick Smith, Alnesh Mohan and Ken Cunningham. Alnesh Mohan and Ken Cunningham are independent of the Company.

### **Relevant education and Experience**

All of the members of the Audit Committee are considered financially literate for the purposes of NI 52-110.

Each member of the Audit Committee has:

- an understanding of the accounting principles used by the Company to prepare its financial statements, and the ability to assess the general application of those principles in connection with estimates, accruals and reserves;
- experience preparing, auditing, analyzing or evaluating financial statements that present a breadth and level of complexity of accounting issues that are generally comparable to the breadth and complexity of issues that can reasonably be expected to be raised by the Company's financial statements, or experience actively supervising individuals engaged in such activities; and
- an understanding of internal controls and procedures for financial reporting.

Set out below is a brief description of the education and experience of each Audit Committee member that is relevant to the performance of his responsibilities as an Audit Committee member.

#### ***Warwick Smith***

Mr. Smith is a venture capitalist specializing in corporate finance and development for publicly traded companies. Mr. Smith has a background in capital marketing and finance, and he formerly served as the Chief Executive Officer of Health Space DataSystems. Previously Mr. Smith was Chief Executive Officer of Western Pacific Resources Corp. (TSXV: WRP). During his tenure Mr. Smith with Western Pacific

Resources, he led the capital raising, bringing in a financial partner and management team to run Western Pacific's primary asset at the time. Previously to this, Mr. Smith provided public and investor relations services for Fortuna Silver Mines Inc. (NYSE: FSM) and he was also a founder of Riverside Resources Inc. (TSXV: RRI). Mr. Smith brings with him extensive media contacts and a strategic capital markets network that have been built over a 20-year career.

*Alnesh Mohan*

Mr. Mohan has over 20 years of accounting, auditing, and tax experience providing advisory services to a wide array of clients. He has been a partner at Quantum Advisory Partners LLP, a professional services firm focused on providing Chief Financial Officer and full-cycle accounting services to private and public companies, since 2005. Acting on behalf of several public companies, Mr. Mohan has acquired considerable experience in financial reporting, corporate governance and regulatory compliance. He is a Chartered Professional Accountant (CPA, CA) and holds a Bachelor of Business Administration from Simon Fraser University.

*Ken Cunningham, Director*

Mr. Cunningham brings over forty years' experience in worldwide, diversified mineral exploration and mining geology from geologist to executive management. Ken has proven skills in management and organization of exploration and mining activities backed by an advanced skillset in all aspects of managing a public company. During his career he has been involved in detailed project evaluations and pre-feasibility work and has been involved in numerous discoveries and acquisitions, including several that have gone into production.

For the last 12 years Mr. Cunningham had served as the President and Chief Executive Officer of Miranda Gold Corp. During this period he was instrumental in establishing Miranda's exploration group, acquiring key projects, negotiating numerous joint ventures as well as fund raising and interacting with the financial community. He also served on Red Eagle Mining's Board of Directors from 2011 to 2015. Mr. Cunningham is currently a Director for Copperbank Resources Corp. Mr. Cunningham has a BS degree in geology from Oregon State University and a MS degree in geology from Texas Christian University. He is a licensed Professional Geologist and past president of the Geologic Society of Nevada.

**Pre-Approval Policies and Procedures**

The Audit Committee may also satisfy the requirement for the pre-approval of non-audit services by adopting specific policies and procedures for the engagement of non-audit services, if:

1. the pre-approval policies and procedures are detailed as to the particular service;
2. the Audit Committee is informed of each non-audit service; and
3. the procedures do not include delegation of the Audit Committee's responsibilities to management.

**External Auditor Service Fees**

The following table discloses the aggregate fees billed for each of the last two fiscal years for professional services rendered by the Company's auditor for various services.

Fees incurred with Davidson & Co. LLP (the "Auditor" or "Davidson LLP") for the years ended December 31, 2018 and December 31, 2017.

**Table 10 – Audit Fees**

<b>Nature of Services</b>	<b>December 31, 2018</b>	<b>December 31, 2017</b>
Audit Fees	\$30,336	\$30,000
Audit-Related Fees	Nil	Nil
Tax Fees	3,150	Nil
All Other Fees	Nil	Nil
<b>Total</b>	<b>\$33,486</b>	<b>\$30,000</b>

**Notes:**

- (1) "Audit Fees" include fees necessary to perform the annual audit and quarterly reviews of the Company's consolidated financial statements. Audit Fees also include audit or other attest services required by legislation or regulation, such as comfort letters, consents, reviews of securities filings and statutory audits.
- (2) "Audit-Related Fees" include services that are traditionally performed by the auditor. These audit-related services include employee benefit audits, due diligence assistance, accounting consultations on proposed transactions, internal control reviews and audit or attest services not required by legislation or regulation.
- (3) "Tax Fees" include fees for all tax services other than those included in "Audit Fees" and "Audit-Related Fees". This category includes fees for tax compliance, tax planning and tax advice.
- (4) "All Other Fees" include all other non-audit services.

**ADDITIONAL INFORMATION**

Additional information relating to APM, including directors' and officers' remuneration and indebtedness, principal holders of APM's securities, and securities authorized for issuance under equity compensation plans, is contained in annual financial statements, management's discussion and analysis, proxy circulars and interim financial statements of the Company, available under the Company's profile on SEDAR at [www.sedar.com](http://www.sedar.com).



## SCHEDULE A

### Audit Committee Charter

#### Mandate

The audit committee (the “**Audit Committee**”) of American Pacific Mining Corp. (the “**Company**”) will assist the board of directors (the “**Board**”) in fulfilling its financial oversight responsibilities. The Audit Committee will review and consider in consultation with the auditors the financial reporting process, the system of internal control and the audit process. In performing its duties, the Audit Committee will maintain effective working relationships with the Board, management, and the external auditors. To effectively perform his or her role, each Audit Committee member must obtain an understanding of the principal responsibilities of Audit Committee membership as well and the Company’s business, operations and risks.

#### 2. Composition

The Board will appoint from among their membership an Audit Committee after each annual general meeting of the shareholders of the Company. The Audit Committee will consist of a minimum of three directors.

##### 2.1 *Independence*

A majority of the members of the Audit Committee must not be officers, employees or control persons of the Company.

##### 2.2 *Expertise of Committee Members*

Each member of the Audit Committee must be financially literate or must become financially literate within a reasonable period of time after his or her appointment to the committee. At least one member of the Audit Committee must have accounting or related financial management expertise. The Board shall interpret the qualifications of financial literacy and financial management expertise in its business judgment and shall conclude whether a director meets these qualifications.

#### 3. Meetings

The Audit Committee shall meet in accordance with a schedule established each year by the Board, and at other times that the Audit Committee may determine. The Audit Committee shall meet at least annually with the Company’s chief financial officer and external auditors in separate executive sessions.

#### 4. Roles and Responsibilities

The Audit Committee shall fulfill the following roles and discharge the following responsibilities:

##### 4.1 *External Audit*

The Audit Committee shall be directly responsible for overseeing the work of the external auditors in preparing or issuing the auditor’s report, including the resolution of disagreements between management and the external auditors regarding financial reporting and audit scope or procedures. In carrying out this duty, the Audit Committee shall:

- (a) recommend to the Board the external auditor to be nominated by the shareholders for the purpose of preparing or issuing an auditor’s report or performing other audit, review or attest services for the Company;

- (b) review (by discussion and enquiry) the external auditors' proposed audit scope and approach;
- (c) review the performance of the external auditors and recommend to the Board the appointment or discharge of the external auditors;
- (d) review and recommend to the Board the compensation to be paid to the external auditors; and
- (e) review and confirm the independence of the external auditors by reviewing the non-audit services provided and the external auditors' assertion of their independence in accordance with professional standards.

#### 4.2 *Internal Control*

The Audit Committee shall consider whether adequate controls are in place over annual and interim financial reporting as well as controls over assets, transactions and the creation of obligations, commitments and liabilities of the Company. In carrying out this duty, the Audit Committee shall:

- (a) evaluate the adequacy and effectiveness of management's system of internal controls over the accounting and financial reporting system within the Company; and
- (b) ensure that the external auditors discuss with the Audit Committee any event or matter which suggests the possibility of fraud, illegal acts or deficiencies in internal controls.

#### 4.3 *Financial Reporting*

The Audit Committee shall review the financial statements and financial information prior to its release to the public. In carrying out this duty, the Audit Committee shall:

##### *General*

- (a) review significant accounting and financial reporting issues, especially complex, unusual and related party transactions; and
- (b) review and ensure that the accounting principles selected by management in preparing financial statements are appropriate.

##### *Annual Financial Statements*

- (a) review the draft annual financial statements and provide a recommendation to the Board with respect to the approval of the financial statements;
- (b) meet with management and the external auditors to review the financial statements and the results of the audit, including any difficulties encountered; and
- (c) review management's discussion & analysis respecting the annual reporting period prior to its release to the public.

##### *Interim Financial Statements*

- (a) review and approve the interim financial statements prior to their release to the public; and
- (b) review management's discussion & analysis respecting the interim reporting period prior to its release to the public.

#### *Release of Financial Information*

- (a) where reasonably possible, review and approve all public disclosure, including news releases, containing financial information, prior to its release to the public.

#### 4.4 *Non-Audit Services*

All non-audit services (being services other than services rendered for the audit and review of the financial statements or services that are normally provided by the external auditor in connection with statutory and regulatory filings or engagements) which are proposed to be provided by the external auditors to the Company or any subsidiary of the Company shall be subject to the prior approval of the Audit Committee.

#### *Delegation of Authority*

- (a) The Audit Committee may delegate to one or more independent members of the Audit Committee the authority to approve non-audit services, provided any non-audit services approved in this manner must be presented to the Audit Committee at its next scheduled meeting.

#### *De-Minimis Non-Audit Services*

- (a) The Audit Committee may satisfy the requirement for the pre-approval of non-audit services if:
  - (i) the aggregate amount of all non-audit services that were not pre-approved is reasonably expected to constitute no more than five per cent of the total amount of fees paid by the Company and its subsidiaries to the external auditor during the fiscal year in which the services are provided; or
  - (ii) the services are brought to the attention of the Audit Committee and approved, prior to the completion of the audit, by the Audit Committee or by one or more of its members to whom authority to grant such approvals has been delegated.

#### *Pre-Approval Policies and Procedures*

- (a) The Audit Committee may also satisfy the requirement for the pre-approval of non-audit services by adopting specific policies and procedures for the engagement of non-audit services, if:
  - (i) the pre-approval policies and procedures are detailed as to the particular service;
  - (ii) the Audit Committee is informed of each non-audit service; and
  - (iii) the procedures do not include delegation of the Audit Committee's responsibilities to management.

#### 4.5 *Other Responsibilities*

The Audit Committee shall:

- (a) establish procedures for the receipt, retention and treatment of complaints received by the company regarding accounting, internal accounting controls, or auditing matters;
- (b) establish procedures for the confidential, anonymous submission by employees of the company of concerns regarding questionable accounting or auditing matters;

- (c) ensure that significant findings and recommendations made by management and external auditor are received and discussed on a timely basis;
- (d) review the policies and procedures in effect for considering officers' expenses and perquisites;
- (e) perform other oversight functions as requested by the Board; and
- (f) review and update this Charter and receive approval of changes to this Charter from the Board.

#### 4.6 *Reporting Responsibilities*

The Audit Committee shall regularly update the Board about Audit Committee activities and make appropriate recommendations.

### 5. **Resources and Authority of the Audit Committee**

The Audit Committee shall have the resources and the authority appropriate to discharge its responsibilities, including the authority to:

- (a) engage independent counsel and other advisors as it determines necessary to carry out its duties;
- (b) set and pay the compensation for any advisors employed by the Audit Committee; and
- (c) communicate directly with the internal and external auditors.

### 6. **Guidance – Roles & Responsibilities**

The following guidance is intended to provide the Audit Committee members with additional guidance on fulfilment of their roles and responsibilities on the committee:

#### 6.1 *Internal Control*

- (a) evaluate whether management is setting the goal of high standards by communicating the importance of internal control and ensuring that all individuals possess an understanding of their roles and responsibilities;
- (b) focus on the extent to which external auditors review computer systems and applications, the security of such systems and applications, and the contingency plan for processing financial information in the event of an IT systems breakdown; and
- (c) gain an understanding of whether internal control recommendations made by external auditors have been implemented by management.

#### 6.2 *Financial Reporting*

##### *General*

- (a) review significant accounting and reporting issues, including recent professional and regulatory pronouncements, and understand their impact on the financial statements;
- (b) ask management and the external auditors about significant risks and exposures and the plans to minimize such risks; and

- (c) understand industry best practices and the Company's adoption of them.

*Annual Financial Statements*

- (a) review the annual financial statements and determine whether they are complete and consistent with the information known to committee members, and assess whether the financial statements reflect appropriate accounting principles in light of the jurisdictions in which the Company reports or trades its Common Shares;
- (b) pay attention to complex and/or unusual transactions such as restructuring charges and derivative disclosures;
- (c) focus on judgmental areas such as those involving valuation of assets and liabilities, including, for example, the accounting for and disclosure of loan losses; warranty, professional liability; litigation reserves; and other commitments and contingencies;
- (d) consider management's handling of proposed audit adjustments identified by the external auditors; and
- (e) ensure that the external auditors communicate all required matters to the committee.

*Interim Financial Statements*

- (a) be briefed on how management develops and summarizes interim financial information, the extent to which the external auditors review interim financial information;
- (b) meet with management and the auditors, either telephonically or in person, to review the interim financial statements; and
- (c) to gain insight into the fairness of the interim statements and disclosures, obtain explanations from management on whether:
  - (i) actual financial results for the quarter or interim period varied significantly from budgeted or projected results;
  - (ii) changes in financial ratios and relationships of various balance sheet and operating statement figures in the interim financials statements are consistent with changes in the company's operations and financing practices;
  - (iii) generally accepted accounting principles have been consistently applied;
  - (iv) there are any actual or proposed changes in accounting or financial reporting practices;
  - (v) there are any significant or unusual events or transactions;
  - (vi) the Company's financial and operating controls are functioning effectively;
  - (vii) the Company has complied with the terms of loan agreements, security indentures or other financial position or results dependent agreement; and
  - (viii) the interim financial statements contain adequate and appropriate disclosures.

6.3 *Compliance with Laws and Regulations*

- (a) periodically obtain updates from management regarding compliance with this policy and industry “best practices”;
- (b) be satisfied that all regulatory compliance matters have been considered in the preparation of the financial statements; and
- (c) review the findings of any examinations by securities regulatory authorities and stock exchanges.

6.4 *Other Responsibilities*

- (a) review, with the Company’s counsel, any legal matters that could have a significant impact on the Company’s financial statements.