

Form 62-103F1
Required Disclosure under the Early Warning Requirements

Item 1 – Security and Reporting Issuer

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

This report relates to the common shares of Highlander Silver Corp. (the “**Issuer**”). The Issuer’s head office is located at Suite 810 - 789 West Pender Street, Vancouver, British Columbia, V6C 1H2.

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

The transaction that triggered the requirement to file this report was not carried out through any market.

Item 2 – Identity of the Acquiror

2.1 State the name and address of the acquiror.

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

On August 12, 2021, the Issuer completed a business combination transaction with CAPPEX Mineral Ventures Inc. (“**CAPPEX**”) by way of a three-cornered amalgamation that resulted in the reverse takeover of the Issuer by CAPPEX. Pursuant to the transaction, securityholders of CAPPEX received securities of the Issuer in exchange for their securities of CAPPEX, on a one for one basis.

2.3 State the names of any joint actors.

Not applicable.

Item 3 – Interest in Securities of the Reporting Issuer

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

On August 12, 2021, Philip Anderson (the “**Acquiror**”) acquired 11,518,176 common shares of the Issuer representing approximately 19.1% of the issued and outstanding common shares of the Issuer, on an undiluted basis and 14.2% of the issued and outstanding common shares of the Issuer, on a fully-diluted basis. Immediately prior to the foregoing acquisition, the Acquiror owned no securities of the Issuer.

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

The Acquiror acquired the securities that triggered the requirement to file this report as described in item 2.2 above.

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

Not applicable.

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

On August 12, 2021, the Acquiror acquired 11,518,176 common shares of the Issuer representing approximately 19.1% of the issued and outstanding common shares of the Issuer, on an undiluted basis and 14.2% of the issued and outstanding common shares of the Issuer, on a fully-diluted basis. Immediately prior to the foregoing acquisition, the Acquiror owned no securities of the Issuer.

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

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

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

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

All securities referred to in Item 3.4 are owned and controlled by the Acquiror.

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

Not applicable.

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

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

Not applicable.

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

The Acquiror entered into a call option agreement dated May 18, 2021 with Augusta Investments Inc. ("**Augusta**"), pursuant to which the Acquiror granted Augusta a call option to purchase up to 8,000,000 common shares of the Issuer owned by the Acquiror at a purchase price of C\$0.15 per share until August 12, 2023, subject to certain conditions.

Item 4 – Consideration Paid

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

The common shares were issued at a deemed price of \$0.15 per share in exchange for common shares of CAPPEX, pursuant to the business combination between the Issuer and CAPPEX.

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

See Item 4.1.

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

See Item 4.1.

Item 5 – Purpose of the Transaction

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

- (a) the acquisition of additional securities of the reporting issuer, or the disposition of securities of the reporting issuer;**
- (b) a corporate transaction, such as a merger, reorganization or liquidation, involving the reporting issuer or any of its subsidiaries;**
- (c) a sale or transfer of a material amount of the assets of the reporting issuer or any of its subsidiaries;**
- (d) a change in the board of directors or management of the reporting issuer, including any plans or intentions to change the number or term of directors or to fill any existing vacancy on the board;**

- (e) a material change in the present capitalization or dividend policy of the reporting issuer;
- (f) a material change in the reporting issuer's charter, bylaws or similar instruments or another action which might impede the acquisition of control of the reporting issuer by any person or company;
- (g) a change in the reporting issuer's charter, bylaws or similar instruments or another action which might impede the acquisition of control of the reporting issuer by any person or company;
- (h) a class of securities of the reporting issuer being delisted from, or ceasing to be authorized to be quoted on, a marketplace;
- (i) the issuer ceasing to be a reporting issuer in any jurisdiction of Canada;
- (j) a solicitation of proxies from securityholders;
- (k) an action similar to any of those enumerated above.

Other than as described in item 3.8, the Acquiror has no present intention to dispose of or acquire further securities of the Issuer. The Acquiror may, depending on market and other conditions, increase or decrease their beneficial ownership of the Issuer's securities, whether in the open market, by privately negotiated agreements or otherwise, subject to a number of factors, including general market conditions and other available investment and business opportunities.

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

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

The Acquiror entered into a call option agreement as described in item 3.8 above.

Item 7 – Change in material fact

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

Not applicable.

Item 8 – Exemption

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

Not applicable.

Item 9 – Certification

I, as the Acquiror, certify to the best of my knowledge, information and belief, that the statements made in this report are true and complete in every respect.

August 12, 2021
Date

“Philip W. Anderson”
Signature

Philip W. Anderson
Name