

PINEHURST CAPITAL II INC.

Management Information Circular

March 23, 2022

PINEHURST CAPITAL II INC.

INFORMATION CIRCULAR FOR THE SPECIAL MEETING OF SHAREHOLDERS TO BE HELD ON APRIL 14, 2022

Purpose of Solicitation

This Management Information Circular (the "**Information Circular**") and accompanying forms of proxy are furnished in connection with the solicitation of proxies by the management of Pinehurst Capital II Inc. for use at the special meeting of shareholders of the common shares ("**Common Shares**") of the Corporation to be held on April 14, 2022 at Northbridge Place, 105 Adelaide Street West, Toronto, ON M5H 1P9, commencing at 10:00 a.m. (Toronto Time) (the "**Meeting**"), and at any adjournment or postponement thereof, for the purposes set forth in the accompanying notice of meeting (the "**Notice of Meeting**").

VOTING AND PROXIES

Unless otherwise noted or the context otherwise indicates, references to the "**Corporation**" and "**Pinehurst**" refer to Pinehurst Capital II Inc. Unless otherwise indicated, all dollar amounts in this Information Circular are given as of March 23, 2022.

It is expected that the solicitation made on behalf of management of the Corporation will be primarily by mail, but proxies may also be solicited personally, by advertisement or by telephone, by directors, officers or employees of the Corporation without special compensation, or by the Corporation's transfer agent, Computershare Investor Services Inc. ("**Computershare**"), at nominal cost. Brokers, nominees or other persons holding shares in their names for others shall be reimbursed for their reasonable charges and expenses in forwarding proxies and proxy material to the beneficial owners of such shares. The Corporation will assume the costs of solicitation, which are expected to be minimal.

If you do not expect to attend in person and would like your Common Shares represented, please complete the enclosed instrument of proxy, and return it as soon as possible in the envelope provided for that purpose.

All references to "shareholders" in this Information Circular, the accompanying forms of proxy, and Notice of Meeting are to registered shareholders unless specifically stated otherwise.

Appointment and Revocation of Proxies

The persons named as proxyholders in the enclosed forms of proxy, which has also been posted on the Corporation's profile on the System for Electronic Document Analysis and Retrieval ("SEDAR") at www.sedar.com, are directors and/or officers of the Corporation.

A shareholder submitting a form of proxy has the right to appoint a person other than the persons indicated in such proxy form to act as his or her proxyholder. To do so, the shareholder must write the name of such person in the appropriate space on the forms of proxy.

Shareholders who wish to appoint a third-party proxyholder to represent them at the Meeting in person must submit their proxy or voting instruction form and provide Computershare with their proxyholder's contact information. To be valid, all instruments of proxy must be deposited with Computershare at 100 University Avenue, 8th Floor, Toronto, Ontario, M5J 2Y1, or via the internet at www.investorvote.com not later than April 12, 2022 at 10:00 a.m., or in the case of any postponement or adjournment thereof, forty-eight (48) hours, excluding Saturdays, Sundays and holidays, prior to the time of the adjourned meeting at which the proxy is to be used. A person acting as proxyholder need not be a shareholder of the Corporation.

Late instruments of proxy may be accepted or rejected by the Chairman of the Meeting in his or her discretion and the Chairman is under no obligation to accept or reject any particular late instruments of proxy. The Chairman of the Meeting may waive or extend the proxy cut-off without notice.

The persons named as proxies will vote or withhold from voting the Common Shares in respect of which they are appointed or vote for or against any particular question, in accordance with the instructions of the shareholder appointing them. In the absence of such instructions, the Common Shares will be voted in favor of all matters identified in the enclosed Notice of Meeting. The enclosed forms of proxy confers discretionary authority upon the persons named therein with respect to amendments or variations to matters identified in the Notice of Meeting and to other matters which may properly come before the Meeting. At the time of printing of this Information Circular, the management of the Corporation knows of no such amendment, variation or other matter expected to come before the Meeting other than the matters referred to in the Notice of Meeting. However, if any amendments or other matters not known to management should properly come before the Meeting, the accompanying forms of proxy confers discretionary authority upon the persons named therein to vote on such amendments or matters in accordance with their best judgment.

A shareholder giving a proxy may revoke it at all times by a document signed by him or her or by a proxyholder authorized in writing or, if the shareholder is a corporation, by a document signed by an officer or a proxyholder duly authorized, given to Computershare not later than April 8, 2022 at 10:00 a.m., or in the case of any postponement or adjournment thereof, forty-eight (48) hours, excluding Saturdays, Sundays and holidays, prior to the time of the adjourned meeting at which the proxy is to be used, or to the chairman of the Meeting on the day of the Meeting or any adjournment thereof.

Advice to Beneficial Holders

The information set forth in this section should be reviewed carefully by beneficial shareholders of the Corporation. Shareholders who do not hold their Common Shares in their own name should note that only proxies deposited by shareholders who appear on the records maintained by the Corporation's registrar and transfer agent as registered holders of Common Shares, or the persons they appoint as their proxies, will be recognized and acted upon at the Meeting.

The information set forth in this section is of significant importance to many shareholders of the Corporation, as a substantial number of shareholders do not hold Common Shares in their own name. Shareholders who do not hold their Common Shares in their own name (referred to herein as "**beneficial shareholders**") should note that only proxies deposited by shareholders whose

names appear on the records of the Corporation as the registered holders of Common Shares can be recognized and acted upon at the Meeting. If Common Shares are listed in an account statement provided to a shareholder by a broker, then in almost all cases those Common Shares will not be registered in the shareholder's name on the records of the Corporation. Such Common Shares will more likely be registered under the names of the shareholder's broker or an agent of that broker. In Canada, the vast majority of such Common Shares are registered under the name of CDS & Co. (the registration name for CDS Clearing and Depository Services Inc., which acts as its nominee for many Canadian brokerage firms). Common Shares held by brokers or their agents or nominees can only be voted upon the instructions of the beneficial shareholder. Without specific instructions, brokers and their agents and nominees are prohibited from voting Common Shares for the broker's clients. Therefore, beneficial shareholders should ensure that instructions respecting the voting of their Common Shares are communicated to the appropriate person.

Beneficial shareholders who wish to appoint a third-party proxyholder to represent them at the Meeting in person must submit their proxy or voting instruction form and provide Computershare with their proxyholder's contact information.

Applicable regulatory policy requires intermediaries/brokers to seek voting instructions from beneficial shareholders in advance of shareholders' meetings. Every intermediary/broker has its own mailing procedures and provides its own return instructions which should be carefully followed by beneficial shareholders in order to ensure that their Common Shares are voted at the Meeting. Often, the forms of proxy supplied to a beneficial shareholder by its broker is identical to the forms of proxy provided to registered shareholders; however, its purpose is limited to instructing the registered shareholder how to vote on behalf of the beneficial shareholder. The majority of brokers now delegate responsibility for obtaining instructions from clients to Broadridge Financial Solutions, Inc. ("**Broadridge**"). Broadridge typically mails a scanable voting instruction form in lieu of the forms of proxy. The beneficial shareholder is requested to complete and return the voting instruction form to them by mail or facsimile. Alternatively, the beneficial shareholder can call a toll-free telephone number to vote the Common Shares held by the beneficial shareholder or vote via the internet at www.investorvote.com. Broadridge then tabulates the results of all instructions received and provides appropriate instructions respecting the voting of Common Shares to be represented at the Meeting. A beneficial shareholder receiving a voting instruction form cannot use that voting instruction form to vote Common Shares directly at the Meeting as the voting instruction form must be returned as directed by Broadridge well in advance of the Meeting in order to have the Common Shares voted.

Although a beneficial shareholder may not be recognized directly at the Meeting for the purposes of voting Common Shares registered in the name of his or her broker (or agent of the broker), a beneficial shareholder may attend at the Meeting as proxyholder for a registered shareholder and vote the Common Shares in that capacity. Beneficial shareholders who wish to attend the Meeting and indirectly vote their Common Shares as proxyholder for a registered shareholder should enter their own names in the blank space on the instrument of proxy provided to them and return the same to their broker (or the broker's agent) in accordance with the instructions provided by such broker (or agent), well in advance of the Meeting.

There are two kinds of beneficial shareholders: those who object to their name being made known to the issuers of securities which they own (called "**OBOs**" for Objecting Beneficial Owners) and those who do not object (called "**NOBOs**" for Non-Objecting Beneficial Owners).

Issuers can request and obtain a list of their NOBOs from intermediaries via their transfer agents pursuant to means National Instrument 54-101 – *Communications with Beneficial Owners of Securities of a Reporting Issuer* ("NI 54-101"), and issuers can use this NOBO list for distribution of meeting materials directly to NOBOs. The Corporation has decided to take advantage of those provisions of NI 54-101 that allow it to directly deliver meeting materials to its NOBOs. As a result, NOBOs can expect to receive a voting instruction form from Computershare. These voting instruction forms are to be completed and returned to Computershare in the envelope provided or by facsimile. Computershare will tabulate the results of the voting instruction forms received from NOBOs and will provide appropriate instructions at the Meeting with respect to the Common Shares represented by voting instruction forms they receive. Alternatively, NOBOs may vote following the instructions on the voting instruction form, by calling a toll-free telephone number or via the internet at www.investorvote.com.

Participating at the Meeting

The Meeting will begin at 10:00 a.m. (Toronto Time) on April 14, 2022. Shareholders and duly appointed proxyholders can attend the Meeting in person at Northbridge Place, 105 Adelaide Street West, Toronto, ON M5H 1P9.

Voting of Proxies

On any ballot that may be called for, the Common Shares represented by a properly executed proxy given in favour of the person(s) designated by management of the Corporation in the enclosed form of proxy will be voted for or against or withheld from voting in accordance with the instructions given on the ballot, and if the shareholder specifies a choice with respect to any matter to be acted upon, the Common Shares will be voted accordingly. **If no choice is specified in the proxy, the person designated in the accompanying form of proxy will vote in favour of all other matters proposed by management at the Meeting, as more particularly described in this Information Circular.**

The enclosed form of proxy confers discretionary authority upon the persons named therein with respect to amendments to matters identified in the accompanying Notice of Meeting and with respect to other matters which may properly come before the Meeting or any adjournment thereof. As of the date of this Information Circular, management of the Corporation is not aware of any such amendment or other matter to come before the Meeting. However, if any amendments to matters identified in the accompanying Notice of Meeting or any other matters which are not now known to management should properly come before the Meeting or any adjournment thereof, the Common Shares represented by properly executed proxies given in favour of the person(s) designated by management of the Corporation in the enclosed form of proxy will be voted on such matters pursuant to such discretionary authority.

Any matter that is submitted to a vote of shareholders by ordinary resolution at the Meeting must be approved, unless otherwise indicated in this Information Circular, by simple majority (affirmative vote of at least 50% plus one) of the votes cast thereon.

The requisite approval for the Consolidation Resolution and the Name Change Resolution (defined below) is at least 66⅔% of the votes cast on such resolutions by shareholders present in person or represented by proxy at the Meeting.

Qualifying Transaction

The Corporation has entered into an amalgamation agreement dated January 25, 2022, as the same may be amended, restated and/or supplemented from time to time (the "**Amalgamation Agreement**"), with Halcones Precious Metals Inc. ("**Halcones**") in respect of a proposed business combination with Halcones (the "**Transaction**"). It is currently contemplated that the Transaction will be completed by way of a "three-cornered" amalgamation, pursuant to which Halcones and a wholly-owned subsidiary of the Corporation will amalgamate and the resulting entity will become a wholly-owned subsidiary of the Corporation. If completed, the Transaction is intended to constitute the "**Qualifying Transaction**" of the Corporation under Policy 2.4 – *Capital Pool Companies* (the "**CPC Policy**") of the TSX Venture Exchange (the "**TSXV**"). All references herein to the "**Resulting Issuer**" refer to the Corporation after the completion of the Transaction.

Shareholders are not required to approve the Transaction. However, the Transaction is very important to the Corporation and certain matters to be considered at the Meeting are necessary in order to prepare the Corporation to complete the Transaction. Full details regarding Halcones and the Transaction will be disclosed by the Corporation in a filing statement (the "**Filing Statement**") to be prepared and filed under the CPC Policy. The Filing Statement will be posted on SEDAR at www.sedar.com prior to the completion of the Transaction. Management of the Corporation will endeavour to post the Filing Statement on SEDAR as quickly as possible; however, the posting thereof may not occur until on or about the date of the Meeting or thereafter. Shareholders are urged to review the press releases issued by the Corporation on November 12, 2021 and January 25, 2022 announcing and describing the Transaction, and the Filing Statement of the Corporation if, as, and when, filed on SEDAR as it will contain important disclosure regarding the Resulting Issuer and the Transaction.

Certain of the resolutions sought to be passed by the shareholders at the Meeting will be conditions to the completion of the Transaction. Failure to pass these resolutions could impede or prevent the completion of the Transaction.

Voting Shares and Principal Shareholders Thereof

The authorized share capital of the Corporation consists of an unlimited number of Common Shares. Each Common Share entitles the holder thereof to one (1) vote, in person or by proxy, at any shareholders meeting.

As of the Record Date, the Corporation had 5,000,000 Common Shares issued and outstanding. The board of directors of the Corporation (the "**Board**") has fixed a record date of March 4, 2022 (the "**Record Date**") to determine shareholders entitled to receive the Notice of Meeting. The failure of any shareholder to receive a copy of the Notice of Meeting does not deprive the shareholder of the right to vote at the Meeting. Only holders of Common Shares as of the Record Date are entitled to vote such shares at the Meeting.

To the knowledge of the directors and executive officers of the Corporation, as at the Record Date, the following persons will beneficially own, directly or indirectly, or exercise control or direction

over voting securities carrying more than 10% of the voting rights attached to any class of voting securities of the Corporation:

Name and Municipality of Residence of Shareholder	Type of Ownership	Number and Percentage of Common Shares Owned ⁽¹⁾⁽²⁾
David Rosenkrantz Toronto, Ontario	Of record and beneficially	666,680 (13.33%)
Ilana Prussky Toronto, Ontario	Of record and beneficially	566,660 (11.33%)
Paul De Luca Toronto, Ontario	Of record and beneficially	666,660 (13.33%)
Total		1,900,000 (38%)

NOTES:

- (1) These Common Shares are subject to escrow pursuant to the policies of the TSXV.
- (2) Percentages are prior to giving effect to the exercise of any incentive stock options. Assuming exercise of all of the stock options, the percentage of Common Shares owned by these holders would be as follows: (i) David Rosenkrantz – 13.65%; (ii) Ilana Prussky – 11.93%; and (iii) Paul De Luca – 13.65%.

BUSINESS TO BE TRANSACTED AT THE MEETING

Item One: Election of Directors

At the Meeting, shareholders are required to elect the directors of the Corporation to hold office until the next annual meeting of shareholders or until the successors of such directors are elected or appointed. It is desirable, in connection with the Transaction, (A) to elect the current directors of the Corporation (the "**Current Slate**") to serve from the close of the Meeting until the earlier of (i) the close of the next annual meeting of shareholders of the Corporation or until their successors are elected or appointed; and (ii) the effective time of the closing of the Transaction (the "**Effective Time**"); and (B) to elect the appropriate number of directors of the Corporation to serve from the Effective Time until the close of the next annual meeting of shareholders of the Corporation or until their successors are elected or appointed (the "**New Slate**").

The Amalgamation Agreement contemplates that it will be a condition to the completion of the Transaction that the New Slate, comprised of four (4) individuals, all of whom are nominees of Halcones, be elected, effective at the Effective Time, as directors of the Resulting Issuer.

At the time of the Meeting, the Transaction will not yet have been completed and there can be no assurance at that time that it will be completed.

Shareholders will be asked at the Meeting to consider, and if thought appropriate, to pass an ordinary resolution, to elect each of David Rosenkrantz, Ilana Prussky, Paul De Luca and Tracy Graf to hold office until the earlier of: (a) the close of the next annual meeting of shareholders of the Corporation or until their successors are elected or appointed; and (b) the Effective Time; and to elect each of David Gower, Lawrence Guy, Vernon Arseneau, and Paul Pint as the directors of the Corporation, to hold office from the Effective Time until the next annual meeting of the shareholders or until their successors are elected or appointed.

The persons designated as proxyholders in the accompanying proxy (absent contrary directions) intend to vote FOR the election of the directors as set forth above and therein. The Corporation does not contemplate that any of such nominees will be unable to serve as directors; however, if for any reason any of the proposed nominees do not stand for election or are unable to serve as such, proxies held by the persons designated as proxyholders in the accompanying proxy will be voted for another nominee in their discretion unless the shareholder has specified in his or her proxy that his or her Common Shares are to be withheld from voting in the election of directors. Each director elected as a Current Slate director will hold office from the close of the Meeting until the earlier of (i) the next annual meeting of shareholders or until their successors are elected or appointed, or (ii) the Effective Time, and each director elected as a New Slate director will hold office from the Effective Time until the next annual meeting of shareholders or until their successors are elected or appointed, all as the case may be, unless his office is earlier vacated in accordance with the articles of the Corporation or the provisions of the Business Corporations Act (*Ontario*). If the holders of Common Shares do not elect the New Slate of directors, the Transaction may not proceed.

Current Slate

The following sets forth the name and municipality of residence of each of the members of the Current Slate, their current positions with the Corporation, and each such nominee's principal occupation, business or employment within the five years preceding the date of this Information Circular, the period of time during which each has been a director of the Corporation, as applicable, the number of Common Shares beneficially owned by each, directly or indirectly, or over which each exercised control or direction, as at the date hereof:

Name, Municipality of Residence and Position with the Corporation	Director or Officer Since	Number of Common Shares Owned	Principal Occupation
David Rosenkrantz ⁽¹⁾⁽²⁾ Toronto, Ontario Director, CEO and CFO	July 13, 2018	666,680	Chairman of Patika Corporation
Ilana Prusky Toronto, Ontario Director, Treasurer and Secretary	August 20, 2018	566,660	President of Ilana Carly Limited
Paul De Luca ⁽¹⁾ Toronto, Ontario Director	August 20, 2018	666,660	Managing Partner of Owens Wright LLP
Tracy Graf ⁽¹⁾ Sylvan Lake, Alberta Director	October 23, 2018	100,000	President of Santander Consumer Finance Inc.

Note:

- (1) Member of the audit committee of the Corporation (the "**Audit Committee**"). See section "*Audit Committee*" of this Information Circular.
- (2) Chair of the Audit Committee.

Other Reporting Issuer Experience

The following table sets out the names of the members of the Current Slate that are directors of other issuers that are reporting issuers (or the equivalent) in Canada or a foreign jurisdiction, the name of such reporting issuers and the name of the exchange or market applicable to such reporting issuers.

Name	Name of Reporting Issuer	Name of Exchange or Market (if applicable)	Position	Term
David Rosenkrantz	Aimia Inc.	Toronto Stock Exchange	Director	February 2020 to Present
	Pinehurst Capital I Inc.	TSXV	Director, Executive Officer	July 2018 to December 2021
	Pinehurst Capital II Inc.	TSXV	Director, Executive Officer	July 2018 to Present
	NexgenRx Inc.	TSXV	Director	July 2013 to June 2019
	Aurora Spine Corporation	TSXV	Director, Chairman of Board	September 2013 to Present
	Atlas Capital One Corporation	TSXV	Director, President, CEO, CFO	January 2022 to Present
Tracy Graf	Pinehurst Capital II Inc.	TSXV	Director	October 2018 to Present
	Trakopolis IoT Corp.	TSXV	Director, Chairman of Board	October 2016 to January 2020
	LoneStar West Inc.	TSXV	Director	December 2009 to July 2017
	Aurora Spine Corporation	TSXV	Director	August 2013 to Present
	Less Mess Storage Inc.	TSXV	Director	May 2014 to December 2015
	Atlas Capital One Corporation	TSXV	Director	January 2022 to Present
Paul De Luca	Flow Capital Corp. (formerly, LoGiQ Asset Management Inc.)	TSXV	Director	June 2018 to April 2020

Name	Name of Reporting Issuer	Name of Exchange or Market (if applicable)	Position	Term
	Grenville Strategic Royalty Corp. (formerly, Troon Ventures Ltd.)	TSXV	Director	February 2014 to June 2018
	KGIC Inc.	TSXV	Director	March 2015 to June 2015
	Nordex Explosives Ltd.	TSXV	Director	August 2014 to August 2016
Ilana Prussky	Pinehurst Capital I Inc.	TSXV	Director	August 2018 to December 2021
	Pinehurst Capital II Inc.	TSXV	Director, Executive Officer	August 2018 to Present
	Atlas Capital One Corporation	TSXV	Director, Treasurer, Secretary	January 2022 to Present

The following are brief biographies of each of the members of the Current Slate:

Ilana Prussky – Director, Treasurer, and Secretary age 26

Ms. Prussky is President of Ilana Carly Limited, a consulting firm engaged in the travel industry. Ms. Prussky holds a TICO registration with the Travel Industry Council of Ontario. Ms. Prussky holds a B.A. (Economics) from The University of Western Ontario (2017). Ms. Prussky is also a Director of Atlas Capital One Corporation, and was formerly a Director of Pinehurst Capital I Inc. (formerly TSXV:PHT.P until its amalgamation with Silver Bullet Mines Corp. on December 1, 2021).

David Rosenkrantz – Director, CEO and CFO, age 64

Mr. Rosenkrantz has been involved in the investment banking industry for over 30 years. Mr. Rosenkrantz initially joined a private investment banking boutique in 1986, and in 1993 he co-founded Patica Corporation, a private merchant bank specializing in financing the equity requirements of small-cap, high growth companies. Mr. Rosenkrantz graduated from Carleton University with a Bachelor of Engineering (Civil) degree in 1979 and became a Professional Engineer in 1981. Mr. Rosenkrantz also holds a Masters of Business Administration from York University.

Mr. Rosenkrantz has broad knowledge of both private and public capital markets. Mr. Rosenkrantz's strengths include board governance and audit committee work, financial structuring, negotiations with lenders, and business negotiations. Prior career experience includes work as a professional engineer for Stone and Webster Inc. and Shell Canada Limited.

Mr. Rosenkrantz is the Chairman of Patika Corporation, a merchant bank, a Director and Chairman of the Board of Aimia Inc. (TSX: AIM), and a Director and Chairman of the Board of Aurora Spine Corporation (TSX:ASG). Mr. Rosenkrantz was previously the Chairman of Carfinco Financial Group Inc. (formerly TSX:CFN) (“Carfinco”), now known as Santander Consumer Finance Inc. (“Santander”) following its acquisition by Banco Santander, S.A., a Director and member of the Audit Committee of NexgenRx Inc., a leading drug adjudication business, Chairman of the Board of Versent Inc., a private company, a Director of RAS Completions Inc., a private company, and a Director of PreMD Inc. (TSX:PMD, AMEX:PME). Mr. Rosenkrantz was also a Director and Chairman of the Board of Stellar Pharmaceuticals Inc. (TSXV:SLX, Q:SLXCF), and the lead Director of Medisystem Technologies Inc. (TSX:MDY, acquired by Shoppers Drug Mart Corp.). Mr. Rosenkrantz is also a Director of Atlas One Capital Corporation, and was formerly a Director of Pinehurst Capital I Inc. (formerly TSXV:PHT.P until its amalgamation with Silver Bullet Mines Corp. on December 1, 2021).

Paul De Luca – Director, age 45

Mr. De Luca is the managing partner of Owens Wright LLP, a law firm in Toronto. Mr. De Luca is experienced in corporate and securities matters, with an emphasis on corporate finance, public and private mergers and acquisitions, corporate governance and venture capital transactions. Mr. De Luca has particular experience in advising public companies in connection with securities law compliance and corporate governance matters, including ongoing advice to boards of directors and special committees as well as extensive transactional experience in all areas of corporate and securities law covering a large spectrum of industries, including technology, renewable energy, mining and financial services. Mr. De Luca is a member of the Law Society of Upper Canada and holds a Bachelor of Laws from Queens University, a Master of Laws from New York University and the ICD.D designation from the Institute of Corporate Directors.

Tracy Graf – Director, age 58

Mr. Graf has been the Chief Executive Officer and President of Santander, formerly Carfinco (TSX: CFN), since October 30, 1998. In March of 2015, Carfinco was acquired by Madrid-based Banco Santander, S.A. and changed its name to Santander Consumer Finance Inc. Mr. Graf continues in his role as President, Chief Executive Officer and Director of the company following its acquisition. Mr. Graf is responsible for all aspects of Santander’s business, ranging from overall strategy to day-to-day business operations. Mr. Graf also served as a Director of Less Mess Storage Inc., as a Director of Lonestar West Inc. (TSXV: LSI) and as a Director and Chairman of the Board of Trakopolis IoT Corp. Mr. Graf is currently a Director of Aurora Spine Corporation (TSX: ASG) and Atlas One Capital Corporation.

New Slate

The following table sets forth the name and municipality of residence of each of the members of the New Slate, and each such nominee’s principal occupation, business or employment within the five years preceding the date of this Information Circular, the number of Common Shares beneficially owned by each, directly or indirectly, or over which each exercised control or direction, as at the date hereof. None of the nominees had previously served as a director of the Corporation, so this information has not been included in the table below:

Name and Municipality of Residence	Number of Common Shares Owned	Principal Occupation
David Gower Toronto, ON	Nil	CEO of Emerita Resources Corp. and CEO of Nobel Resources Corp.
Lawrence Guy Toronto, ON	Nil	CEO of North 52nd Asset Management Inc.
Vernon Arseneau Mendoza, Argentina	Nil	COO of Nobel Resources Corp.
Paul Pint Toronto, ON	Nil	Director and Capital Markets Professional

The following are brief biographies of each of the proposed members of the New Slate:

David Gower

Mr. Gower has held Executive and Director positions with several junior and midsize mining companies for the past 12 years, including Director of Emerita Resources Corp. (TSXV: EMO:CA), Nobel Resources Corp. (TSXV: NBLC.V) and President of Brazil Potash Corp. David spent over 20 years with Falconbridge (now Glencore Canada Corporation, LON: GLNCF) as Director of Global Nickel and PGM exploration and as a member of the Senior Operating Team for mining projects and operations. He led exploration teams that made brownfield discoveries at Raglan and Sudbury, Matagami, Falcondo, in the Dominican Republic, and greenfield discoveries at Araguaia in Brazil, Kabanga in Tanzania and Amazonas in Brazil. Mr. Gower is a Director of Alamos Gold Inc. (TSX: AGI-T, NYSE: AGI).

Lawrence Guy

Mr. Guy is Chief Executive Officer of North 52nd Asset Management Inc. and Chair of Emerita Resources Corp. (TSXV: EMO:CA). Previously, Larry was a Portfolio Manager with Aston Hill Financial Inc. Prior to Aston Hill, Mr. Guy was Chief Financial Officer and Director of Navina Asset Management Inc., a company he co-founded that was subsequently acquired by Aston Hill Financial Inc. Mr. Guy has also held senior offices at Fairway Capital Management Corp., and First Trust Portfolios Canada Inc. Mr. Guy holds a Bachelor of Arts (Economics) degree from the University of Western Ontario and is a Chartered Financial Analyst.

Vernon Arseneau

Mr. Arseneau has over forty years of experience in exploration, project management and development, of which the last twenty-five have been in South America principally in Peru, Chile and Argentina. Vern spent 20 years working as exploration manager and senior geologist for

Noranda Inc. (TSX: NRD.LV) in Canada and South America. He was general manager of Noranda's Peru office and project manager of the El Pachon porphyry Cu-Mo project in Argentina. He has consulted on numerous base and precious metals projects including as Vice President Exploration for Zincore Metals Inc. (NEX: ZNC) and was responsible for the exploration and feasibility studies of two zinc deposits and the discovery of the Dolores Cu-Mo porphyry, Peru. More recently, he was COO of Royal Road Minerals Ltd. (TSXV: RYR) exploring for gold in Colombia and Nicaragua. Vern holds a Bachelor of Science in geology.

Paul Pint

Mr. Pint is a Chartered Professional Accountant with over 30 years of capital markets experience. Mr. Pint started his professional career in 1991 with Ernst & Young in the Financial Services Group. Beginning in 1995, he moved into Institutional Equities with CIBC World Markets. Over the next 20+ years he worked in various senior roles in the investment banking and equity sales industry, holding several senior roles with large Canadian banks as well as boutique investment banks and dealers. He has worked on initial public offerings and private placements across all industry sectors. He has taken public or financed more than 500 companies throughout his career. In 2016, Mr. Pint co-founded and was President of Troilus Gold Corp. (TSX: TLG, OTC: CHZMF, FRA: CMSR), helping the company in its early stage financing and assisting in taking the company public on the Toronto Stock Exchange. He has been a director of public and private companies across various sectors. Mr. Pint holds a Bachelor of Commerce Degree from the University of Toronto and is a Member of the Chartered Professional Accountants of Ontario.

Other Reporting Issuer Experience

The following table sets out the names of the members of the New Slate) that are directors of other issuers that are reporting issuers (or the equivalent) in Canada or a foreign jurisdiction, the name of such reporting issuers and the name of the exchange or market applicable to such reporting issuers.

Name	Name of Reporting Issuer	Name of Trading Market	Position	From	To
David Gower	Emerita Resources Corp.	TSXV	CEO and Director	January 2013	Present
	Agua Resources (Australia)	ASX	Director	November 2012	July 2018
	Apogee Opportunities	TSXV	Director	May 2007	January 2018
	Nobel Resources Corp.	TSXV	CEO and Director	April 2021	Present
Lawrence Guy	Emerita Resources Corp.	TSXV	Director	October 2019	Present
	Nobel Resources Corp.	TSXV	Director	April 2021	Present
	Crossover Acquisitions Inc.	TSXV	Director	September 2021	Present

Name	Name of Reporting Issuer	Name of Trading Market	Position	From	To
Vernon Arseneau	Royal Roads Minerals Ltd.	TSX	COO	Jan 2020	Apr 2020
	Royal Roads Minerals Ltd.	TSX	Director	June 2012	Apr 2020
	Arena Minerals Ltd	TSX	VP Exploration	July 2012	Apr 2019
	Nobel Resources Corp.	TSXV	COO	April 2021	Present
Paul Pint	Medivolve Inc.	NEO	Director	July 2016	Jan 2019
	Troilus Gold Corp.	TSXV	President	Jan 2018	June 2021
	Sulliden Mining Capital Inc.	TSX	President	Jan 2016	Dec 2017
	Agua Resources Limited	ASX	Director	Jan 2016	June 2019
	Lucky Minerals Inc.	TSXV	Director	Mar 2020	Mar 2021
	Nobel Resources Corp.	TSXV	Director	Nov 2021	Present

Corporate Cease Trade Orders and Bankruptcies

Other than as set out below, to the knowledge of the Corporation and based upon information provided to it by the nominees, within 10 years before the date of this Information Circular, no nominee of the Current Slate or the New Slate was a director, chief executive officer or chief financial officer of any company (including the Corporation) that was subject to a cease trade order, an order similar to a cease trade order or an order that denied the relevant company access to any exemption under securities legislation, that was in effect for a period of more than 30 consecutive days and that was issued while the nominee was acting in the capacity as director, chief executive officer or chief financial officer, or was subject to an order that was issued after the nominee ceased to be a director, chief executive officer or chief financial officer and which resulted from an event that occurred while the nominee was acting in the capacity as director, chief executive officer or chief financial officer.

For the purposes of the foregoing paragraph, "order" means:

- (a) a cease trade order;
- (b) an order similar to a cease trade order; or
- (c) an order that denied the relevant company access to any exemption under securities legislation,

that was in effect for a period of more than 30 consecutive days.

Tracy Graf was a Director and Chairman of the Board of Trakopolis IoT Corp. ("**Trakopolis**") between October, 2016 and January, 2020. On November 7, 2019, Trakopolis filed a Notice of Intention to Make a Proposal pursuant to the provisions of the Bankruptcy and Insolvency Act ("**BIA**") and became subject to proceedings under the BIA in the Court of Queen's Bench of Alberta. Trakopolis was deemed to have filed an assignment into bankruptcy on January 27, 2020. Mr. Graf resigned as a Director of Trakopolis on January 27, 2020.

Other than as set out herein, to the knowledge of the Corporation and based upon information provided to it by the nominees, no nominee of the Current Slate or the New Slate is or within 10 years prior to the date of this Information Circular was, a director or executive officer of any company (including the Corporation) that, while the nominee was acting in that capacity, or within a year of that person ceasing to act in that capacity, became bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency or was subject to or instituted any proceedings, arrangement or compromise with creditors or had a receiver, receiver manager or trustee appointed to hold its assets.

Personal Bankruptcies

To the knowledge of the Corporation and based upon information provided to it by the nominees, no nominee of the Current Slate or the New Slate within 10 years prior to the date of this Information Circular has made a proposal under any legislation relating to bankruptcy or insolvency, or become subject to or instituted any proceedings, arrangement or compromise with creditors, or had a receiver, receiver manager or trustee appointed to hold such nominee's assets.

Penalties or Sanctions

To the knowledge of the Corporation and based upon information provided to it by the nominees, no nominee of the Current Slate or the New Slate, or any shareholder holding a sufficient number of securities of the Corporation to affect materially the control of the Corporation, has been subject to:

- (a) penalties or sanctions imposed by a court relating to securities legislation or by a securities regulatory authority or has entered into a settlement agreement with a securities regulatory authority; or
- (b) any other penalties or sanctions imposed by a court or regulatory body that would likely be considered important to a reasonable investor in making an investment decision.

Director Resolution

At the Meeting, shareholders of the Corporation will be asked to consider, and if deemed advisable, to pass, with or without variation, the following ordinary resolution:

"BE IT RESOLVED THAT:

1. the setting of the number of directors of the Corporation at four (4) is hereby authorized and approved;

2. the election of David Rosenkrantz, Ilana Prussky, Paul De Luca, and Tracy Graf as directors of the Corporation to hold office until the earlier of:
 - (a) the next annual meeting of the shareholders of the Corporation or until their successors are elected or appointed; or
 - (b) the date on which the Transaction (as defined in the management information circular of the Corporation dated March 23, 2022 for use in connection with the special meeting of shareholders scheduled to be held on April 14, 2022) is completed (the "**Effective Date**"), at which time the directors shall be removed as directors of the Corporation,

is hereby approved; and
3. subject to and conditional upon completion of the Transaction:
 - (a) the election of David Gower, Lawrence Guy, Vernon Arseneau, and Paul Pint as directors of the Corporation to hold office from the Effective Time until the next annual meeting of the shareholders, or until their successors are elected or appointed, is hereby approved.

In order to be passed, the Director Resolution requires the approval of a majority of the votes cast thereon by shareholders of the Corporation present in person or represented by proxy at the Meeting.

THE BOARD OF DIRECTORS UNANIMOUSLY RECOMMENDS THAT EACH SHAREHOLDER VOTE "FOR" THE DIRECTOR RESOLUTION. Unless otherwise directed, the persons named in the enclosed form of proxy intend to vote FOR the Director Resolution.

Item Two: Appointment of Auditors

A firm of auditors is to be appointed by vote of the shareholders at the Meeting to serve as auditors of the Corporation until the close of the next annual meeting. The Board, upon the recommendation of the Audit Committee, proposes that McGovern Hurley LLP be appointed as auditors of the Corporation upon completion of the Transaction and that the directors of the Corporation be authorized to determine their compensation.

Unless instructed to abstain from voting with regard to the appointment of auditors, the persons whose names appear on the enclosed forms of proxy will vote in favor of: (i) the re-appointment of McGovern Hurley LLP as auditors of the Corporation; and (ii) authorizing the directors of the Corporation to determine the compensation of McGovern Hurley LLP in such capacity (the "Auditor Appointment Resolution").

In order to be passed, the Auditor Appointment Resolution requires the approval of a majority of the votes cast thereon by shareholders of the Corporation present in person or represented by proxy at the Meeting is required.

THE BOARD OF DIRECTORS UNANIMOUSLY RECOMMENDS THAT EACH

SHAREHOLDER VOTE "FOR" THE AUDITOR RE-APPOINTMENT RESOLUTION.
Unless otherwise directed, the persons named in the enclosed form of proxy intend to vote FOR the Auditor Appointment Resolution.

Item Three: Approval of Name Change

The name "**Pinehurst Capital II Inc.**" was chosen by the incorporators of the Corporation for use while the Corporation is a Capital Pool Company. Upon the completion of the Transaction, it is intended that the business of Halcones, as currently contemplated to be constituted, will be the business of the Resulting Issuer. **In connection therewith, the Corporation intends to change its name to "Pinehurst Precious Metals Corp."** or such other name as determined by the Board, in its sole discretion, and as may be accepted by the applicable regulatory authorities (the "**Name Change**"). Management of the Corporation feels that the Name Change is in the best interests of the Corporation in order to reflect the change in its business activities.

Name Change Resolution

At the Meeting, shareholders of the Corporation will be asked to consider, and if deemed advisable, to pass, a special resolution to change the Corporation's name to "Pinehurst Precious Metals Corp." in connection with the Transaction (the "**Name Change Resolution**"). The Name Change is required in order to complete the Transaction and if approved will be given effect prior to the completion of the Transaction. If the shareholders do not approve the Name Change Resolution, the Transaction may not proceed.

The text of the Name Change Resolution reads as follows:

"BE IT RESOLVED THAT:

1. The Corporation is hereby authorized to amend its articles to change the Corporation's name to "**Pinehurst Precious Metals Corp.**" or such other name as the board of directors of the Corporation may determine, acting in the interests of the Corporation, or as required by applicable regulatory authorities, and provided that the board of directors of the Corporation may, in its sole discretion, revoke this special resolution before it is acted upon without further approval of the shareholders of the Corporation.
2. Any one (or more) director(s) or officer(s) of the Corporation be and is hereby authorized and directed, on behalf of the Corporation, to take all necessary steps and proceedings and to execute, deliver and file any and all declarations, agreements, documents and other instruments and do all such other acts and things that may be necessary or desirable to give effect to this resolution."

In order to be passed, the Name Change Resolution requires the approval of two-thirds (66⅔%) of the votes cast thereon by holders of Common Shares present in person or represented by proxy at the Meeting.

Even if approved by the shareholders, the Board may determine not to proceed with the Name Change at its discretion.

THE BOARD UNANIMOUSLY RECOMMENDS THAT EACH SHAREHOLDER VOTE "FOR" THE NAME CHANGE RESOLUTION. Unless otherwise directed, the persons named in the enclosed form of proxy intend to vote FOR the Name Change Resolution.

Item Four: Share Consolidation

In connection with the proposed Transaction and subject to obtaining all regulatory approvals, the Corporation proposes to consolidate the issued and outstanding Common Shares (the "**Consolidation**"). The consolidation ratio (the "**Consolidation Ratio**") of the Common Shares shall be determined based on a deemed value of all issued and outstanding Common Shares of \$750,000, and the price of each common share in the capital of Halcones shall be deemed to be the price per subscription receipt of Halcones (each a "**Subscription Receipt**") under the Halcones private placement of Subscription Receipts offered in connection with the proposed Transaction (the "**Private Placement**"), subject to, for greater certainty, a minimum gross offering size of \$1,000,000 and price per Subscription Receipt of \$0.30. For greater certainty, if the Private Placement is completed for gross proceeds of \$1,000,000 with a price per Subscription Receipt of \$0.30, the Consolidation Ratio shall be one (1) pre-Consolidation Common Share for two (2) pre-Consolidation Common Share.

If approved and implemented, the Consolidation will occur simultaneously for all of the Corporation's issued and outstanding Common Shares and will occur prior to the completion of the Transaction. The Consolidation Ratio will be the same for all Common Shares and will affect all holders of Common Shares uniformly and will not affect any shareholder's percentage ownership interest in the Corporation, except to the extent that the Consolidation would otherwise result in any shareholder owning a fractional Common Share.

No fractional Common Shares shall be issued pursuant to the Consolidation. In the event that the Consolidation would result in a shareholder being entitled to a fractional common share, then such fractional common share shall be rounded down to the nearest whole number. In calculating such fractional interest, all Common Shares registered in the name of a holder of Common Shares or an intermediary shall be aggregated.

Furthermore, each stock option, warrant or other security of the Corporation convertible into pre-consolidation Common Share that has not been exercised or cancelled prior to the effective date of the implementation of the Consolidation will be adjusted pursuant to the terms thereof on the same exchange ratio described above and each holder of such pre-Consolidation convertible securities will become entitled to receive post-Consolidation Common Shares pursuant to such adjusted terms.

Shareholders of the Corporation are specifically advised that the proposed consolidation resolution (the "**Consolidation Resolution**") grants the Board the discretion to revoke the Consolidation Resolution and not proceed with the Consolidation without further approval of the shareholders. If approved by the shareholders, the Board, in its discretion, if at all, shall make the decision with respect to the timing of the Consolidation.

There can be no assurance that the market price of the post-Consolidation Common Shares will increase as a result of the Consolidation. The marketability and trading liquidity of the post-Consolidation Common Shares may not improve. The Consolidation may result in some

shareholders owning "odd lots" of Common Shares which may be more difficult for such shareholders to sell or which may require greater transaction costs per share to sell.

Consolidation Resolution

At the Meeting, shareholders of the Corporation will be asked to pass the Consolidation Resolution, amending the articles of incorporation of the Corporation, to reflect the consolidation of its current issued and outstanding Common Shares in accordance with the Consolidation Ratio, the text of which is set out below. The Consolidation is also subject to applicable regulatory approval, including the approval of the TSXV. If the holders of Common Shares do not approve the special resolution, the Transaction may not proceed.

"BE IT RESOLVED THAT:

1. In connection with the completion of the Corporation's Qualifying Transaction (as such term is defined in Policy 2.4 – *Capital Pool Companies* of the Corporate Finance Manual of the TSX Venture Exchange) with Halcones Precious Metals Inc. ("**Halcones**"), the articles of incorporation of the Corporation be amended to consolidate all of the issued and outstanding common shares of the Corporation (the "**Common Shares**") on the basis of the Consolidation Ratio (as that term is defined in the management information circular of the Corporation dated March 23, 2022), with the final ratio to be determined jointly by the Corporation and Halcones.
2. Following such consolidation, holders of less than one (1) Common Share immediately following the completion of the consolidation shall not be entitled to receive a fractional Common Share. In the event that the Consolidation would result in a shareholder being entitled to a fractional Common Share, then such fractional common share shall be rounded down to the next lowest whole number. In calculating such fractional interest, all Common Shares registered in the name of a holder of Common Shares or an intermediary shall be aggregated.
3. The number of Common Shares which the Corporation is authorized to issue shall remain unchanged at an unlimited number of Common Shares.
4. Any one director or officer of the Corporation is hereby authorized, for and on behalf of the Corporation, to execute or cause to be executed, and to deliver or cause to be delivered, all such documents and filings, and to do or cause to be done all such acts and things, as in the opinion of such director or officer may be necessary or desirable in order to carry out the terms of these resolutions, such determination to be conclusively evidenced by the execution and delivery of such documents or the doing of any such act or thing.
5. The Board is hereby authorized, at any time in its absolute discretion, to determine whether or not to proceed with the above resolutions without further approval, ratification or confirmation by the shareholders.
6. Upon the date determined by the board of directors, these resolutions described herein shall be deposited at the Corporation's records office."

In order to be passed, the Consolidation Resolution requires the approval of two-thirds (66⅔%) of the votes cast thereon by holders of Common Shares present in person or represented by proxy at the Meeting.

Even if approved by the shareholders, the Board may determine not to proceed with the Consolidation at its discretion.

THE BOARD UNANIMOUSLY RECOMMENDS THAT EACH SHAREHOLDER VOTE "FOR" THE CONSOLIDATION RESOLUTION. Unless otherwise directed, the persons named in the enclosed form of proxy intend to vote FOR the Consolidation Resolution.

Item Five: Stock Option Plan

Following the completion of the Transaction, and subject to the approval of the applicable securities exchange and the shareholders, it is intended that the Resulting Issuer will adopt a stock option equity incentive plan, the principal features of which are summarized below (the "**Stock Option Plan**").

Below is a summary of the Stock Option Plan, which is qualified in its entirety by the full text of the Stock Option Plan, which is attached hereto as Schedule "A" hereto.

The purpose of the Stock Option Plan is to advance the interests of the Corporation by encouraging equity participation in the Corporation through the acquisition of Common Shares. The Stock Option Plan will be administered by the board of directors of the Corporation, which has full and final authority with respect to the granting of all options ("**Options**") thereunder.

The Stock Option Plan will provide that the aggregate number of securities reserved for issuance under the Stock Option Plan, combined with any other compensation securities of the Corporation will not exceed 10% of the number of Common Shares issued and outstanding from time to time. Options may be granted under the Stock Option Plan to service providers of the Corporation and its affiliates, as the board of directors of the Corporation may from time to time designate. The exercise price of each Option shall be determined by the board of directors of the Corporation in its sole discretion, at the time such Option is allocated under the Stock Option Plan, and cannot be less than the Discounted Market Price (as defined in the policies of the TSXV). All Options granted under the Stock Option Plan will expire no later than the date that is ten (10) years from the date that such Options are granted.

The Stock Option Plan will provide for the following restrictions: (a) no Service Provider (as defined in the Stock Option Plan) may be granted an Option if that option would result in the total number of stock options granted to the participant in the previous 12 months, exceeding 5% of the issued and outstanding Common Shares unless the Corporation has obtained disinterested shareholder approval in accordance with TSXV Policies; (b) the aggregate number of Options granted to Service Providers conducting Investor Relations Activities (as defined in TSXV Policies) in any 12 month period must not exceed 2% of the issued and outstanding Common Shares, calculated at the time of grant; and (c) the aggregate number of Options granted to any one consultant in any 12 month period must not exceed 2% of the issued and outstanding Common Shares, calculated at the time of grant, without prior consent of the TSXV.

If a holder of Options (“**Optionee**”) ceases to be a director of the Corporation or ceases to be employed by the Corporation (other than by reason of death), or ceases to be a consultant of the Corporation as the case may be, Options may be exercised after the Optionee has left his/her employ/office or has been advised by the Corporation that his/her services are no longer required or his/her service contract has expired, until the term applicable to such Options expires, except as follows: (a) in the case of the death of an Optionee, any vested Option held by him at the date of death will become exercisable by the Optionee’s lawful personal representatives, heirs or executors until the earlier of one year after the date of death of such Optionee and the date of expiration of the term otherwise applicable to such Option; (b) an Option granted to any Service Provider will expire 90 days (or such other time, not to exceed one year, as shall be determined by the board of directors of the Corporation as at the date of grant or agreed to by the board of directors of the Corporation and the Optionee at any time prior to expiry of the Option) after the date of termination, and only to the extent that such Option was vested at the date of termination; and (c) in the case of an Optionee being dismissed from employment or service for cause, such Optionee’s Options, whether or not vested at the date of dismissal, will immediately terminate on the date of termination without right to exercise same.

Optionees may elect to exercise an Option, in whole or in part, on a “cashless exercise” (“**Cashless Exercise**”) basis or a “net exercise” (“**Net Exercise**”) basis. In connection with a Cashless Exercise of Options, a brokerage firm will loan money to an Optionee to purchase Common Shares underlying the Options, and will sell a sufficient number of Common Shares to cover the exercise price of the Options in order to repay the loan made to the Optionee and the Optionee retains the balance of the Common Shares. In connection with a Net Exercise of Options, an Optionee would receive such number of Common Shares equal in value to the difference between the Option price and the fair market value of the Common Shares on the date of exercise, computed in accordance with the terms of the Stock Option Plan.

Stock Option Plan Resolution

Shareholder approval of the current plan and the Stock Option Plan is required for certain purposes. In order to dispense with the need to call an additional meeting of the shareholders of the Resulting Issuer to approve the Stock Option Plan following completion of the Transaction, the shareholders will be asked at the Meeting to consider, and if deemed advisable, approve the following resolution (the “**Stock Option Plan Resolution**”):

"BE IT RESOLVED THAT:

1. Subject to and conditional upon completion of the Transaction, the stock option plan of the Corporation, and all unallocated awards issuable thereunder, are hereby approved, subject to such changes thereto as may be required by the TSX Venture Exchange.
2. Any one director or officer of the Corporation be and is hereby authorized, for and on behalf of the Corporation, to execute and deliver all documents and do all things as such person may determine to be necessary or advisable to give effect to this resolution, the execution of any such document or the doing of any such other act or thing being conclusive evidence of such determination."

In order to be passed, the Stock Option Plan Resolution requires the approval of a majority of the votes cast thereon by holders of Common Shares present in person or represented by proxy at the Meeting.

THE BOARD UNANIMOUSLY RECOMMENDS THAT EACH SHAREHOLDER VOTE "FOR" THE STOCK OPTION PLAN RESOLUTION. Unless otherwise directed, the persons named in the enclosed form of proxy intend to vote FOR the Stock Option Plan Resolution.

STATEMENT OF CORPORATE GOVERNANCE PRACTICES

General

Given the current prescribed nature of the Corporation and its principal business being limited to identifying and evaluating assets or businesses with a view to completing a Qualifying Transaction, prior to the completion of the Transaction the only committee of the Board will be the Audit Committee.

Following the completion of the Transaction, the Resulting Issuer will have an Audit Committee and a Corporate Governance Committee.

Audit Committee

Under National Instrument 52-110 – *Audit Committees* ("**NI 52-110**"), the Corporation is required to include in this Information Circular the disclosure required under Form 52-110F2 with respect to the Audit Committee of the Board.

Audit Committee Charter

The responsibilities and duties of the Audit Committee are set out in the committee's charter, the text of which is attached as Schedule "B" to this Information Circular.

Composition

The current members of the Audit Committee are David Rosenkrantz, Paul De Luca and Tracy Graf. Paul De Luca and Tracy Graf are independent members, as defined under NI 52-110. David Rosenkrantz is not independent because he is an officer of the Corporation. As the Corporation is a "venture issuer" for the purposes of NI 52-110, the Corporation is exempt from the requirement to have the Audit Committee comprised entirely of independent members.

All of the current and proposed members of the Audit Committee are "financially literate" for the purposes of NI 52-110.

Relevant Education and Experience

All the members of the Audit Committee have the education and/or practical experience required to:

- understand the accounting principles used by the Corporation to prepare its financial statements;
- assess the general application of such accounting principles in connection with the accounting for estimates, accruals, and provisions;
- prepare, audit, analyze, or evaluate, or oversee the preparation, audit, analysis, and evaluation of 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 Corporation's financial statements; and
- understand the internal controls and procedures for financial reporting.

Each member of the Audit Committee also has a significant understanding of the business in which the Corporation is engaged and has an appreciation for the relevant accounting principles used in the Corporation's business.

Audit Committee Oversight

At no time has a recommendation of the Audit Committee to nominate or compensate an external auditor not been adopted by the Board.

Reliance on Certain Exemptions

At no time since the commencement of the Corporation's most recently completed financial period has the Corporation relied on any of the following exemptions:

- the exemption in section 2.4 of NI 52-110 (*De Minimis Non-audit Services*);
- the exemption in subsection 6.1.1(4) of NI 52-110 (*Circumstances Affecting the Business or Operations of the Venture Issuer*);
- the exemption in subsection 6.1.1(5) of NI 52-110 (*Events Outside Control of Member*);
- the exemption in subsection 6.1.1(6) of NI 52-110 (*Death, Incapacity or Resignation*); or
- an exemption from NI 52-110 in whole or in part, granted under Part 8 of NI 52-110 (*Exemption*).

Pre-Approval Policies and Procedures

The Audit Committee has not adopted specific policies and procedures for the engagement of non-audit services.

External Auditor Service Fees (By Category)

The aggregate fees billed by the Corporation's external auditor in the financial year ended December 31, 2020 are approximately as follows:

Financial Year Ending	Audit Fees⁽¹⁾	Audit Related Fees⁽²⁾	Tax Fees⁽³⁾	All Other Fees⁽⁴⁾
December 31, 2020	\$6,955	\$5,204	Nil	Nil

Note:

- (1) "Audit Fees" include fees necessary to perform the annual audit of the Corporation's financial statements.
- (2) "Audit-Related Fees" include other services that are performed by the auditor such as consultations or internal control reviews.
- (3) "Tax Fees" include fees for tax compliance, tax planning, and tax advice. These services include preparing tax returns and corresponding with government tax authorities.
- (4) "All Other Fees" include all other non-audit services.

Exemption

The Corporation is relying on the exemption provided in Section 6.1 of NI 52-110 as the Corporation is a "venture Issuer". As a result, the Corporation is exempt from the requirements of Part 3 (*Composition of Audit Committee*) and Part 5 (*Reporting Obligations*) of NI 52-110.

Corporate Governance Committee

Maintaining a high standard of corporate governance is a priority for the Board and the Corporation's management as both believe that effective corporate governance will help create and maintain shareholder value in the long term. A description of the Corporation's corporate governance practices, which addresses the matters set out in National Instrument 58-101 – *Disclosure of Corporate Governance Practices* ("NI 58-101"), is set out below:

Independence of Directors

The Board currently consists of four (4) directors of which Paul De Luca and Tracy Graf are considered "independent", as such term is defined in NI 58-101. David Rosenkrantz and Ilana Prussky are not considered independent as they are officers of the Corporation.

Directorships

As of the date of this Information Circular, David Rosenkrantz is also a Director and Chairman of the Board of Aimia Inc. (TSX: AIM) and a Director and Chairman of the Board of Aurora Spine Corporation (TSX: ASG), and Atlas One Capital Corporation. As of the date of this Information Circular, Tracy Graf is also a Director of Aurora Spine Corporation (TSX: ASG) and Atlas One Capital Corporation. As of the date of this Information Circular, Ilana Prussky is also a Director of Atlas One Capital Corporation. None of the other directors of the Corporation are directors of other issuers that are also reporting issuers (or the equivalent) in a territory of Canada or in a foreign territory.

Orientation and Continuing Education

While the Corporation does not yet have a formal continuing education program, the directors individually and as a group are encouraged to keep themselves informed on changing corporate

governance and legal issues. Directors are individually responsible for updating their skills required to meet their obligations as directors.

Ethical Business Conduct

The Board is responsible for promoting an ethical business culture and fostering an environment that places an emphasis on compliance. The Board monitors compliance, including through receipt by the Audit Committee of reports of unethical behaviour. To ensure that an ethical business culture is maintained and promoted, directors are encouraged to exercise their independent judgment. If a director has a material interest in any transaction or agreement that the Corporation proposes to enter into, such director is expected to disclose such interest to the Board in compliance with the applicable laws, rules and policies which govern conflicts of interest in connection with such transaction or agreement. Further, any director who has a material interest in any proposed transaction or agreement will be excluded from the portion of the Board meeting concerning such matters and will be further precluded from voting on such matters.

Nomination of Directors

The Board is responsible for the identification and assessment of potential directors. While no formal nomination procedures are in place to identify new candidates, the Board does review the experience and performance of nominees for election to the Board. Members of the Board are canvassed with respect to the qualifications of a prospective candidate and each candidate is evaluated with respect to his or her experience and expertise, with particular attention paid to those areas of expertise that could complement and enhance current management. The Board also assesses any potential conflicts, independence or time commitment concerns that the candidate may present.

Compensation

At present, no compensation (other than the grant of incentive stock options) is paid to the directors of the Corporation in their capacity as directors. The Board does not currently have a compensation committee.

Assessments

The Board is currently responsible for assessing the effectiveness of the Board, the individual directors and the Audit Committee.

STATEMENT OF EXECUTIVE COMPENSATION

Compensation Discussion and Analysis

All capitalized terms used herein shall have the meaning ascribed thereto in the CPC Policy, unless otherwise defined herein. Section 7.2 of the CPC Policy states that until the completion of the Qualifying Transaction, no payment of any kind may be made, directly or indirectly, by a capital pool company ("CPC") to a Non-Arm's Length Party (as such term is defined in the CPC Policy) of the CPC or a Non-Arm's Length Party to the Qualifying Transaction, or to any person engaged in Investor Relations Activities, promotional, or market-making services in respect of the CPC or the securities of

the CPC or any resulting issuer by any means including,

- a) remuneration, which includes but is not limited to:
 - i. salaries;
 - ii. consulting fees;
 - iii. management contract fees or directors' fees;
 - iv. finders' fees, except as permitted under Section 7.3 of the CPC Policy;
 - v. loans;
 - vi. advances;
 - vii. bonuses; and
- b) deposits and similar payments.

The only compensation that is permitted to the directors, officers, employees and consultants of the Corporation, so long as it is a Capital Pool Company, is the granting of incentive stock options. Due to the foregoing limitation, the Board does not consider the implications of the risks associated with the Corporation's compensation policies and practices. In addition, no officer or director of the Corporation is permitted to purchase financial instruments that are designed to hedge or offset a decrease in the market value of equity securities granted as compensation or held, directly or indirectly, by such officers and directors.

The Corporation is also permitted to reimburse a Non-Arm's Length Party to the CPC for reasonable out-of-pocket expenses described in Section 7.1 of the CPC Policy incurred in pursuing the business of the CPC, which includes, but is not limited to reasonable expenses relating to the CPC's initial public offering, reasonable general and administrative expenses of the CPC (not exceeding in aggregate \$3,000 per month), and reasonable expenses relating to a proposed Qualifying Transaction. No such expenses have been incurred by a Non-Arm's Length Party to the Corporation.

Compensation Discussion and Analysis

The following table sets forth information concerning the total compensation for the financial year ended December 31, 2020 for David Rosenkrantz, the Chief Executive Officer and Chief Financial Officer of the Corporation, and Ilana Prussky, the Treasurer and Secretary of the Corporation (each, a "Named Executive Officer"). Mr. Rosenkrantz and Ms. Prussky are also directors of the Corporation.

Name and Principal	Year Ended	Salary (\$)	Share-Based	Option-Based	Non-Equity Incentive Plan Compensation (\$)		Pension Value (\$)	All Other Compensation	Total Compensation
					Annual Incentive	Long-Term			

Position	Dec. 31		Awards (\$)	Awards (\$)	Plans	Incentive Plans		(\$)	(\$)
David Rosenkrantz , Chief Executive Officer, Chief Financial Officer	2020	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
Ilana Prussky , Treasurer and Secretary	2020	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil

Outstanding Share-Based Awards and Option-Based Awards

The following table sets forth all share-based and option-based awards of the Corporation granted to the Named Executive Officers that were granted before, and remain outstanding as of the end of, the most recently completed financial year (December 31, 2020):

Named Executive Officer	Option-Based Awards				Share-Based Awards		
	Number of Securities Underlying Unexercised Options	Option Exercise Price (\$)	Option Expiration Date	Value of Unexercised in-the-money Options (\$) ⁽¹⁾	Number of Shares or Units of Shares that have not vested	Market of Payout Value of Share-Based Awards that Have Not Vested (\$)	Market or Payout Value of Vested Share-Based Awards Not Paid out or Distributed
David Rosenkrantz , Chief Executive Officer, Chief Financial Officer	125,000	0.10	April 12, 2029	Nil	Nil	Nil	Nil
Ilana Prussky , Treasurer and Secretary	125,000	0.10	April 12, 2029	Nil	Nil	Nil	Nil

NOTES:

- (1) Calculated based on the difference between the market value of the Common Shares underlying the options at December 31, 2020 and the exercise price of the options. The last trading price of the Common Shares on the TSXV as of December 31, 2020, was \$0.085 per Common Share. During the financial year ended December 31, 2020, no options were exercised by the Named Executive Officers.

Incentive Plan Awards

The following table sets forth the value of all incentive plans awards of the Corporation granted to the Named Executive Officers vested or were awarded during the most recently completed financial year (December 31, 2020):

Named Executive Officer	Option-Based Awards – Value Vested During the	Share-Based Awards – Value Vested During the Year (\$)	Non-Equity Incentive Plan Compensation – Value Earned During the Year
-------------------------	---	--	---

	Year (\$)		(\$)
David Rosenkrantz, Chief Executive Officer, Chief Financial Officer	Nil	Nil	Nil
Ilana Prusky, Treasurer and Secretary	Nil	Nil	Nil

Pension and Other Benefits

The Corporation has no pension or other benefit plans currently in place.

Termination and Change of Control Benefits and Management Contracts

As at March 23, 2022, the Corporation did not have any plan, contract or arrangement, compensatory or otherwise: (1) regarding the employment of a Named Executive Officer, or (2) whereby a Named Executive Officer is entitled to receive compensation (including periodic payments or instalments) in the event of the Named Executive Officer's resignation, retirement or employment, a change of control of the Corporation, or a change in the Named Executive Officer's responsibilities following a change in control of the Corporation.

Other Compensation

Other than as set forth herein, the Corporation did not pay any other compensation to the Named Executive Officer or directors (including personal benefits and securities or properties paid or distributed which compensation was not offered on the same terms to all full-time employees) during the last completed fiscal year other than benefits and perquisites which did not amount to \$10,000 or greater per individual.

Compensation of Directors

During the financial period ended December 31, 2020, the Corporation paid no cash compensation to the directors for serving in their capacity as directors, except that the Corporation reimburses the out-of-pocket expenses of its directors incurred in connection with attendance at or participation in meetings of the Board.

The Named Executive Officers are also directors of the Corporation. They did not receive any additional compensation for services rendered in such capacity.

The following table shows the compensation paid to directors for the financial year ended December 31, 2020 other than directors who also serve as Named Executive Officers.

Name and Principal Position	Salary (\$)	Share-Based Awards (\$)	Option-Based Awards (\$)	Non-Equity Incentive Plan Compensation (\$)	Pension Value (\$)	All Other Compensation (\$)	Total Compensation (\$)
Paul De Luca	Nil	Nil	Nil	Nil	Nil	Nil	Nil

Tracy Graf	Nil	Nil	Nil	Nil	Nil	Nil	Nil
------------	-----	-----	-----	-----	-----	-----	-----

Outstanding Share-Based Awards and Options-Based Awards

The following table sets forth all shared-based and option-based awards of the Corporation granted to directors of the Corporation that were granted before, and remain outstanding as at the end of, the most recently completed financial year (December 31, 2020):

Director	Option-Based Awards				Share-Based Awards		
	Number of Securities Underlying Unexercised Options	Option Exercise Price (\$)	Option Expiration Date	Value of Unexercised in-the-money Options (\$) ⁽¹⁾	Number of Shares or Units of Shares that have not vested	Market of Payout Value of Share-Based Awards that Have Not Vested (\$)	Market or Payout Value of Vested Share-Based Awards Not Paid out or Distributed
David Rosenkrantz	125,000	0.10	April 12, 2029	Nil	Nil	Nil	Nil
Ilana Prussky	125,000	0.10	April 12, 2029	Nil	Nil	Nil	Nil
Paul De Luca	125,000	0.10	April 12, 2029	Nil	Nil	Nil	Nil
Tracy Graf	125,000	0.10	April 12, 2029	Nil	Nil	Nil	Nil

NOTES:

- (2) Calculated based on the difference between the market value of the Common Shares underlying the options at December 31, 2020 and the exercise price of the options. The last trading price of the Common Shares on the TSXV as of December 31, 2020, was \$0.085 per Common Share.

During the financial year ended December 31, 2020, no options were exercised by the directors of the Corporation.

Incentive Plan Awards – Value Vested or Earned During the Financial Year Ended December 31, 2020

The following table sets forth the value of all incentive plan awards of the Corporation granted to directors that vested or were awarded during the most recently completed financial year (December 31, 2020), other than the directors who also serve as Named Executive Officers.

Named Executive Officer	Option-Based Awards – Value Vested During the Year (\$)	Share-Based Awards – Value Vested During the Year (\$)	Non-Equity Incentive Plan Compensation – Value Earned During the Year (\$)
Paul De Luca	Nil	Nil	Nil
Tracy Graf	Nil	Nil	Nil

Stock Options

On April 10, 2019, the Corporation has granted stock options to acquire an aggregate of 500,000 Common Shares at an exercise price of \$0.10 per share to the directors and officers of the Corporation, which will expire April 12, 2029 from the date of grant, in accordance with the CPC Policy. All common shares acquired on exercise of stock options granted to directors and officer prior to the completion of a Qualifying Transaction must also be deposited in escrow pending the completion of a Qualifying Transaction in accordance with the CPC Policy. The number of Common Shares reserved for issue under the option. Agreements will be adjusted upon any consolidation of the Common Shares of the Corporation. The following is a breakdown of the stock options received by the directors and officers:

- David Rosenkrantz: 125,000 Common Share purchase options;
- Ilana Prusky: 125,000 Common Share purchase options;
- Paul De Luca: 125,000 Common Share purchase options; and
- Tracy Graf: 125,000 Common Share purchase options.

SECURITIES AUTHORIZED FOR ISSUANCE UNDER EQUITY COMPENSATION PLANS

The following table sets forth the securities of the Corporation that are authorized for issuance under equity compensation plans as at the end of the Corporation's most recently completed financial year (December 31, 2020).

Plan Category	Number of securities to be issued upon exercise of outstanding options, warrants and rights	Weighted – average exercise price of outstanding options, warrants and rights	Number of securities remaining available for future issuance under equity compensation plans ⁽¹⁾
Equity compensation plans approved by securityholders	Nil	Nil	Nil
Equity compensation plans not approved by securityholders	500,000	\$0.10 per Common Share	500,000
TOTAL	500,000	\$0.10 per Common Share	500,000

NOTES:

- (1) As of March 23, 2022, the Corporation had 5,000,000 Common Shares issued and outstanding.

INDEBTEDNESS OF DIRECTORS AND EXECUTIVE OFFICERS

No directors or officers of the Corporation, nor any proposed nominee for election as a director of the Corporation, nor any associate or affiliate of any one of them, is or was indebted, directly or indirectly, to the Corporation or its subsidiaries at any time since the beginning of the financial period ended December 31, 2020.

AUDITOR

The Corporation's auditor is MNP LLP, 111 Richmond Street West, Suite 300, Toronto, Ontario, M5H 2G4. MNP LLP is independent with respect to the Corporation within the meaning of the rules of professional conduct in the Province of Ontario.

TRANSFER AGENT AND REGISTRAR

The Corporation's transfer agent and registrar is Computershare Investor Services Inc. at its office at 100 University Avenue, Suite 800 Toronto, Ontario M5J2Y1.

INTEREST OF CERTAIN PERSONS IN MATERIAL TRANSACTIONS

Except as disclosed in this Information Circular, no director or officer of the Corporation, nor any proposed nominee for election as a director of the Corporation, nor any other insider of the Corporation, nor any associate or affiliate of any one of them, has or has had, at any time since the beginning of the financial period ended December 31, 2020, any material interest, direct or indirect, in any transaction or proposed transaction that has materially affected or would materially affect the Corporation.

INTEREST OF DIRECTORS AND OFFICERS IN MATTERS TO BE ACTED UPON

Except as disclosed in this Information Circular, no person who has been a director or senior officer of the Corporation since the beginning of the Corporation's last financial year, no proposed nominee for election as a director of the Corporation, nor any associate or affiliate of any of the aforementioned persons, has any material interest, direct or indirect, by way of beneficial ownership of securities or otherwise, in any matter to be acted on at the Meeting, other than the election of directors or the appointment of auditors.

OTHER MATTERS WHICH MAY COME BEFORE THE MEETING

The management of the Corporation knows of no matters to come before the Meeting other than as set forth in this Information Circular. **HOWEVER, IF OTHER MATTERS WHICH ARE NOT KNOWN TO THE MANAGEMENT SHOULD PROPERLY COME BEFORE THE MEETING, THE ENCLOSED FORMS OF PROXY WILL BE USED TO VOTE ON SUCH MATTERS IN ACCORDANCE WITH THE BEST JUDGMENT OF THE PERSONS VOTING THE PROXY.**

ADDITIONAL INFORMATION

No management functions of the Corporation are performed by a person or company other than the directors or executive officers of the Corporation.

ADDITIONAL FINANCIAL INFORMATION

Additional financial information concerning the Corporation, including the Corporation's audited financial statements, the notes thereto, the auditor's report thereon and related management's discussion and analysis for the year ended December 31, 2020, can be found on the Corporation's profile on SEDAR at www.sedar.com.

Additional information relating to the Corporation may be found on the Corporation's profile on SEDAR at www.sedar.com.

APPROVAL OF BOARD

The contents of this Information Circular and the sending thereof of the shareholders of the Corporation have been approved.

The foregoing constitutes full, true and plain disclosure of all material facts relating to the particular matters to be acted upon by the shareholders of the Corporation.

The foregoing contains no untrue statement of a material fact and does not omit to state a material fact that is required to be stated or that is necessary to make a statement not misleading in the light of the circumstances in which it is made.

DATED as of the 11th day of March, 2022.

"David Rosenkrantz"

David Rosenkrantz
Chief Executive Officer
Pinehurst Capital II Inc.

SCHEDULE "A"

PINEHURST PRECIOUS METALS CORP. (the "Company")

STOCK OPTION PLAN

Dated for Reference March [•], 2022

ARTICLE 1 PURPOSE AND INTERPRETATION

1.1 Purpose

The purpose of this Plan is to advance the interests of the Company by encouraging equity participation in the Company through the acquisition of Common Shares of the Company. It is the intention of the Company that this Plan will at all times be in compliance with TSX Venture Policies (as defined herein) (or, if applicable, NEX Policies) and any inconsistencies between this Plan and TSX Venture Policies (or, if applicable, NEX Policies) will be resolved in favour of the latter.

1.2 Definitions

In this Plan

- (a) **"Affiliate"** means a company that is a parent or subsidiary of the Company, or that is controlled by the same entity as the Company;
- (b) **"Associate"** has the meaning set out in the Securities Act;
- (c) **"Black-out Period"** means an interval of time during which the Company has determined that one or more Participants may not trade any securities of the Company because they may be in possession of undisclosed material information pertaining to the Company, or when in anticipation of the release of quarterly or annual financials, to avoid potential conflicts associated with a company's insider-trading policy or applicable securities legislation, (which, for greater certainty, does not include the period during which a cease trade order is in effect to which the Company or in respect of an Insider, that Insider, is subject);
- (d) **"Board"** means the board of directors of the Company or any committee thereof duly empowered or authorized to grant Options under this Plan;
- (e) **"Cause"** means "Just Cause" as defined in the Participant's employment agreement or agreement for services with the Company or one of its Affiliates, or if such term is not defined or if the Participant has not entered into an employment agreement or agreement for services with the Company or one of its Affiliates, then any circumstance that would permit the Company to terminate a Participant's employment or agreement for services without notice of termination, or payment in lieu of notice of termination, severance pay or benefits continuation under the applicable law;
- (f) **"Change of Control"** means the occurrence of any of:
 - (i) any transaction at any time and by whatever means pursuant to which any person or any group of two or more persons acting jointly or in concert (other than the

Company or any of its affiliates or subsidiary) thereafter acquires the direct or indirect “beneficial ownership” (as defined in the *Business Corporations Act* (Ontario)) of, or acquires the right to exercise control or direction over, securities of the Company representing 50% or more of the then issued and outstanding voting securities of the Company in any manner whatsoever, including, without limitation, as a result of a take-over bid, an issuance or exchange of securities, an amalgamation of the Company with any other person, an arrangement, a capital reorganization or any other business combination or reorganization

- (ii) the sale, assignment or other transfer of all or substantially all of the assets of the Company to a person or any group of two or more persons acting jointly or in concert (other than a wholly-owned subsidiary of the Company);
- (iii) the occurrence of a transaction requiring approval of the Company’s security holders whereby the Company is acquired through consolidation, merger, exchange of securities, purchase of assets, amalgamation, statutory arrangement or otherwise by any person or any group of two or more persons acting jointly or in concert (other than an exchange of securities with a wholly-owned subsidiary of the Company);
- (iv) a majority of the Board consists of individuals which management of the Company has not nominated for election or appointment as directors; or
- (v) the Board passes a resolution to the effect that an event comparable to an event set forth in this definition has occurred;
- (g) **“Common Shares”** means the common shares without par value in the capital of the Company providing such class is listed on the TSX Venture or Toronto Stock Exchange (or, NEX, as the case may be);
- (h) **“Company”** means the company named at the top hereof and includes, unless the context otherwise requires, all of its Affiliates and successors according to law;
- (i) **“Consultant”** means, in relation to the Company, an individual (other than a Director, Officer or Employee of the Company or any of its subsidiaries) or Company that:
 - (i) is engaged to provide on an ongoing bona fide basis, consulting, technical, management or other services to the Company or to any of its subsidiaries, other than services provided in relation to a Distribution;
 - (ii) provides the services under a written contract between the Company or any of its subsidiaries and the individual or the Company, as the case may be; and
 - (iii) in the reasonable opinion of the Company, spends or will spend a significant amount of time and attention on the affairs and business of the Company or of any of its subsidiaries;
- (j) **“Consultant Company”** means for an individual consultant, a company or partnership of which the individual is an employee, shareholder or partner;
- (k) **“Date of Termination”** means, for a Service Provider, the last day that the Service Provider actively provides services to the Company without regard to any notice of termination or pay in lieu of notice thereof, deemed or notional notice period, or period during which the Service Provider receives pay in lieu of notice, termination pay, severance

payments, or salary continuance, whether pursuant to statute, agreement, common law or otherwise;

- (l) **“Director”** means a director (as defined under applicable securities laws) of the Company or any of its subsidiaries;
- (m) **“Discounted Market Price”** has the meaning assigned by Policy 1.1 of the TSX Venture Policies;
- (n) **“Disinterested Shareholder Approval”** means approval by a majority of the votes cast by all the Company’s shareholders at a duly constituted shareholders’ meeting, excluding votes attached to Common Shares beneficially owned by Insiders who are Service Providers or their Associates;
- (o) **“Distribution”** has the meaning assigned by the Securities Act, and generally refers to a distribution of securities by the Company from treasury;
- (p) **“Effective Date”** for an Option means the date of grant thereof by the Board;
- (q) **“Employee”** means:
 - (i) an individual who is considered an employee of the Company or of its subsidiary under the *Income Tax Act* (Canada) and for whom income tax, employment insurance and Canada Pension Plan deductions must be made at source;
 - (ii) an individual who works full-time for the Company or its subsidiary providing services normally provided by an employee and who is subject to the same control and direction by the Company or its subsidiary over the details and methods of work as an employee of the Company or of the subsidiary, as the case may be, but for whom income tax deductions are not made at source; or
 - (iii) an individual who works for the Company or its subsidiary on a continuing and regular basis for a minimum amount of time per week providing services normally provided by an employee and who is subject to the same control and direction by the Company or its subsidiary over the details and methods of work as an employee of the Company or of the subsidiary, as the case may be, but for whom income tax deductions are not made at source;
- (r) **“Exchange Hold Period”** has the meaning assigned by Policy 1.1 of the TSX Venture Policies;
- (s) **“Exercise Price”** means the amount payable per Common Share on the exercise of an Option, as determined in accordance with the terms hereof;
- (t) **“Expiry Date”** means the day on which an Option lapses as specified in the Option Commitment therefor or in accordance with the terms of this Plan;
- (u) **“Insider”** means an insider as defined in the TSX Venture Policies or as defined in securities legislation applicable to the Company;
- (v) **“Investor Relations Activities”** has the meaning assigned by Policy 1.1 of the TSX Venture Policies;

- (w) **“Management Company Employee”** means an individual employed by a company providing management services to the Company which services are required for the ongoing successful operation of the business enterprise of the Company;
- (x) **“Market Price”** has the meaning assigned by Policy 1.1 of the TSX Venture Policies;
- (y) **“NEX”** means a separate board of the TSX Venture for companies previously listed on the TSX Venture or the Toronto Stock Exchange which have failed to maintain compliance with the ongoing financial listing standards of those markets;
- (z) **“NEX Policies”** means the rules and policies of NEX as amended from time to time;
- (aa) **“Officer”** means an officer (as defined under applicable securities laws) of the Company or any of its subsidiaries;
- (bb) **“Option”** means the right to purchase Common Shares granted hereunder to a Service Provider;
- (cc) **“Option Commitment”** means the notice of grant of an Option delivered by the Company hereunder to a Service Provider and substantially in the form of Schedule “A” attached hereto;
- (dd) **“Optioned Shares”** means Common Shares that may be issued in the future to a Service Provider upon the exercise of an Option;
- (ee) **“Optionee”** means the recipient of an Option hereunder;
- (ff) **“Outstanding Shares”** means at the relevant time, the number of issued and outstanding Common Shares of the Company from time to time;
- (gg) **“Participant”** means a Service Provider that becomes an Optionee;
- (hh) **“Person”** includes a company, any unincorporated entity, or an individual;
- (ii) **“Plan”** means this stock option plan, the terms of which are set out herein or as may be amended;
- (jj) **“Plan Shares”** means the total number of Common Shares which may be reserved for issuance as Optioned Shares under the Plan as provided in Section 2.2;
- (kk) **“Regulatory Approval”** means the approval of the TSX Venture and any other securities regulatory authority that has lawful jurisdiction over the Plan and any Options issued hereunder;
- (ll) **“Securities Act”** means the *Securities Act*, R.S.O. 1990, c. S.5, or any successor legislation;
- (mm) **“Service Provider”** means a Person who is a bona fide Director, Officer, Employee, Management Company Employee, Consultant or Consultant Company, and also includes a company, 100% of the share capital of which is beneficially owned by one or more Service Providers;
- (nn) **“Share Compensation Arrangement”** means any Option under this Plan but also includes any other stock option, stock option plan, employee stock purchase plan or any

other compensation or incentive mechanism involving the issuance or potential issuance of Common Shares to a Service Provider;

- (oo) **“Shareholder Approval”** means approval by a majority of the votes cast by eligible shareholders of the Company at a duly constituted shareholders’ meeting;
- (pp) **“Take Over Bid”** means a take over bid as defined in National Instrument 62-104 (Take-over Bids and Issuer Bids) or the analogous provisions of securities legislation applicable to the Company;
- (qq) **“TSX Venture”** means the TSX Venture Exchange and any successor thereto;
- (rr) **“TSX Venture Policies”** means the rules and policies of the TSX Venture as amended from time to time; and
- (ss) **“VWAP”** means the volume weighted average trading price of the Company’s Common Shares on the TSX Venture calculated by dividing the total value by the total volume of such securities traded for the five trading days immediately preceding the exercise of the subject Option.

1.3 Other Words and Phrases

Words and phrases used in this Plan but which are not defined in the Plan, but are defined in the TSX Venture Policies (and, if applicable, the NEX Policies), will have the meaning assigned to them in the TSX Venture Policies (and, if applicable, NEX Policies).

1.4 Gender

Words importing the masculine gender include the feminine or neuter, words in the singular include the plural, words importing a corporate entity include individuals, and vice versa.

ARTICLE 2 STOCK OPTION PLAN

2.1 Establishment of Stock Option Plan

The Plan is hereby established to recognize contributions made by Service Providers and to create an incentive for their continuing assistance to the Company and its Affiliates.

2.2 Maximum Plan Shares

The maximum aggregate number of Plan Shares that may be reserved for issuance under the Plan at any point in time is 10% of the Outstanding Shares at the time Plan Shares are reserved for issuance as a result of the grant of an Option, less any Common Shares reserved for issuance under Share Compensation Arrangements other than this Plan, unless this Plan is amended pursuant to the requirements of the TSX Venture Policies (and, if applicable, NEX Policies).

2.3 Eligibility

Options to purchase Common Shares may be granted hereunder to Service Providers of the Company, or its affiliates, from time to time by the Board. Service Providers that are not individuals will be required to undertake in writing not to effect or permit any transfer of ownership or option of any of its securities, or to issue more of its securities (so as to indirectly transfer the benefits of an Option), as long as such Option remains outstanding, unless the written permission of the TSX Venture and the Company is obtained.

2.4 Options Granted Under the Plan

All Options granted under the Plan will be evidenced by an Option Commitment in substantially in the form attached as Schedule “A” (or in such other form as determined by the Company), showing the number of Optioned Shares, the term of the Option, a reference to vesting terms, if any, and the Exercise Price.

Subject to specific variations approved by the Board, all terms and conditions set out herein will be deemed to be incorporated into and form part of an Option Commitment made hereunder.

2.5 Limitations on Issue

Subject to Section 2.9, the following restrictions on issuances of Options are applicable under the Plan:

- (a) no Service Provider can be granted an Option if that Option would result in the total number of Options, together with all other Share Compensation Arrangements granted to such Service Provider in the previous 12 months, exceeding 5% of the Outstanding Shares, unless the Company has obtained Disinterested Shareholder Approval to do so;
- (b) the aggregate number of Options, together with any other Share Compensation Arrangements, granted to all Service Providers conducting Investor Relations Activities in any 12-month period cannot exceed 2% of the Outstanding Shares, calculated at the time of grant, without the prior consent of the TSX Venture (or NEX, as the case may be); and
- (c) the aggregate number of Options, together with any other Share Compensation Arrangements, granted to any one Consultant in any 12 month period cannot exceed 2% of the Outstanding Shares, calculated at the time of grant, without the prior consent of the TSX Venture (or the NEX, as the case may be).

2.6 Exercised and Unexercised Options

In the event an Option granted under the Plan is exercised, expires unexercised or is otherwise lawfully cancelled prior to exercise of the Option, the Optioned Shares that were issuable thereunder will be returned to the Plan and will be eligible for re-issuance.

2.7 Administration of the Plan

The Board will be responsible for the general administration of the Plan and the proper execution of its provisions, the interpretation of the Plan and the determination of all questions arising hereunder. Without limiting the generality of the foregoing, the Board has the power to:

- (a) allot Common Shares for issuance in connection with the exercise of Options;
- (b) grant Options hereunder;
- (c) subject to any necessary Regulatory Approval, amend, suspend, terminate or discontinue the Plan, or revoke or alter any action taken in connection therewith, except that no general amendment or suspension of the Plan will, without the prior written consent of all Optionees, alter or impair any Option previously granted under the Plan unless the alteration or impairment occurred as a result of a change in the TSX Venture Policies or the Company’s tier classification thereunder; and
- (d) delegate all or such portion of its powers hereunder as it may determine to one or more committees of the Board, either indefinitely or for such period of time as it may specify,

and thereafter each such committee may exercise the powers and discharge the duties of the Board in respect of the Plan so delegated to the same extent as the Board is hereby authorized so to do.

2.8 Amendment of the Plan by the Board of Directors

Subject to the requirements of the TSX Venture Policies and the prior receipt of any necessary Regulatory Approval, the Board may in its absolute discretion, amend or modify the Plan or any Option granted as follows:

- (a) amendments which are of a typographical, grammatical, clerical nature only;
- (b) amendments of a housekeeping nature;
- (c) changes to the vesting provisions of an Option granted hereunder, subject to prior written approval of the TSX Venture, if applicable;
- (d) changes to the termination provision of an Option granted hereunder which does not entail an extension beyond the lesser of the original Expiry Date of such Option or 12 months from termination;
- (e) amendments necessary as a result in changes in securities laws applicable to the Company or any requested changes by the TSX Venture;
- (f) if the Company becomes listed or quoted on a stock exchange or stock market senior to the TSX Venture, amendments as may be required by the policies of such senior stock exchange or stock market; and
- (g) such amendments as reduce, and do not increase, the benefits of this Plan to Service Providers.

2.9 Amendments Requiring Disinterested Shareholder Approval

The Company will be required to obtain Disinterested Shareholder Approval prior to any of the following actions becoming effective:

- (a) the Plan, together with all of the Company's other Share Compensation Arrangements, could result at any time in:
 - (i) the aggregate number of Common Shares reserved for issuance under Options granted to Insiders exceeding 10% of the Outstanding Shares in the event that this Plan is amended to reserve for issuance more than 10% of the Outstanding Shares;
 - (ii) the number of Optioned Shares issued to Insiders within any 12-month period exceeding 10% of the Outstanding Shares in the event that this Plan is amended to reserve for issuance more than 10% of the Outstanding Shares; or,
 - (iii) the issuance to any one Optionee, within any 12-month period, of a number of Common Shares exceeding 5% of the Outstanding Shares; or
- (b) any reduction in the Exercise Price of an Option previously granted to an Insider, or the extension of the term of an Option, if the Participant is an Insider at the time of the proposed amendment.

2.10 Options Granted Under the Company's Previous Stock Option Plans

Any option granted pursuant to a stock option plan previously adopted by the Board which is outstanding at the time this Plan comes into effect shall be deemed to have been issued under this Plan and shall, as of the date this Plan comes into effect, be governed by the terms and conditions hereof.

ARTICLE 3 TERMS AND CONDITIONS OF OPTIONS

3.1 Exercise Price

The Exercise Price of an Option will be set by the Board at the time such Option is allocated under the Plan, and cannot be less than the Discounted Market Price.

3.2 Term of Option

The term of an Option will be set by the Board at the time such Option is allocated under the Plan. An Option can be exercisable for a maximum of 10 years from the Effective Date.

3.3 Option Amendment

Subject to Section 2.9(b), the Exercise Price of an Option may be amended only if at least six (6) months have elapsed since the later of the date of commencement of the term of the Option, the date the Common Shares commenced trading on the TSX Venture, or the date of the last amendment of the Exercise Price.

An Option must be outstanding for at least one year before the Company may extend its term, subject to the limits contained in Section 3.2.

Except as provided under TSX Venture Policies, any proposed amendment to the terms of an Option must comply with the TSX Venture Policies and be approved by the TSX Venture prior to the exercise of such Option.

3.4 Vesting of Options

Subject to Section 3.5, vesting of Options shall be at the discretion of the Board and, with respect to any particular Options granted under the Plan, in the absence of a vesting schedule being specified at the time of grant, all such Options shall vest immediately. Where applicable, vesting of Options will generally be subject to:

- (a) the Service Provider remaining employed by or continuing to provide services to the Company or any of its Affiliates as well as, at the discretion of the Board, achieving certain milestones which may be defined by the Board from time to time or receiving a satisfactory performance review by the Company or any of its Affiliates during the vesting period; or
- (b) the Service Provider remaining as a Director of the Company or any of its Affiliates during the vesting period.

3.5 Vesting of Options Granted to Consultants Conducting Investor Relations Activities

Notwithstanding Section 3.4, Options granted to Consultants conducting Investor Relations Activities will vest such that:

- (a) no more than 25% of the Options vest no sooner than three months after the Options were granted;

- (b) no more than another 25% of Options vest no sooner than six months after the Options were granted;
- (c) no more than 25% of Options vest no sooner than nine months after the Options were granted; and
- (d) the remainder of the Options vest no sooner than 12 months after the Options were granted.

3.6 Effect of Take-Over Bid

If a Take Over Bid is made to the shareholders generally then the Company shall immediately upon receipt of notice of the Take Over Bid, notify each Optionee currently holding an Option of the Take Over Bid, with full particulars thereof whereupon such Option may, notwithstanding Section 3.4 and Section 3.5 or any vesting requirements set out in the Option Commitment, be immediately exercised in whole or in part by the Optionee, subject to approval of the TSX Venture (or the NEX, as the case may be) for vesting requirements imposed by the TSX Venture Policies.

3.7 Acceleration of Vesting on Change of Control

In the event of a Change of Control occurring, Options granted and outstanding, which are subject to vesting provisions, shall be deemed to have immediately vested upon the occurrence of the Change of Control, excluding Options granted to a Person engaged in Investor Relations Activities.

3.8 Extension of Options Expiring During Blackout Period

Should the Expiry Date for an Option fall within a Blackout Period, or within nine (9) Business Days following the expiration of a Blackout Period, such Expiry Date shall, subject to approval of the TSX Venture (or the NEX, as the case may be), be automatically extended without any further act or formality to that day which is the tenth (10th) Business Day after the end of the Blackout Period, such tenth Business Day to be considered the Expiry Date for such Option for all purposes under the Plan. Notwithstanding Section 2.7, the tenth Business Day period referred to in this Section 3.8 may not be extended by the Board.

3.9 Optionee Ceasing to be Director, Employee or Service Provider

Options may be exercised after the Service Provider has left his/her employ/office or has been advised by the Company that his/her services are no longer required or his/her service contract has expired, until the term applicable to such Options expires, except as follows:

- (a) in the case of the death of an Optionee, any vested Option held by him at the date of death will become exercisable by the Optionee's lawful personal representatives, heirs or executors until the earlier of one year after the date of death of such Optionee and the date of expiration of the term otherwise applicable to such Option;
- (b) an Option granted to any Service Provider will expire 90 days (or such other time, not to exceed one year, as shall be determined by the Board as at the date of grant or agreed to by the Board and the Optionee at any time prior to expiry of the Option) after the Termination Date, and only to the extent that such Option was vested at the Termination Date; and
- (c) in the case of an Optionee being dismissed from employment or service for Cause, such Optionee's Options, whether or not vested at the date of dismissal will immediately terminate on the Termination Date without right to exercise same.

3.10 Non Assignable

Subject to Section 3.9(a), all Options will be exercisable only by the Optionee to whom they are granted and will not be assignable or transferable.

3.11 Adjustment of the Number of Optioned Shares

The number of Common Shares subject to an Option will be subject to adjustment in the events and in the manner following:

- (a) in the event of a subdivision of Common Shares as constituted on the date hereof, at any time while an Option is in effect, into a greater number of Common Shares, the Company will thereafter deliver at the time of purchase of Optioned Shares hereunder, in addition to the number of Optioned Shares in respect of which the right to purchase is then being exercised, such additional number of Common Shares as result from the subdivision without an Optionee making any additional payment or giving any other consideration therefor;
- (b) in the event of a consolidation of the Common Shares as constituted on the date hereof, at any time while an Option is in effect, into a lesser number of Common Shares, the Company will thereafter deliver and an Optionee will accept, at the time of purchase of Optioned Shares hereunder, in lieu of the number of Optioned Shares in respect of which the right to purchase is then being exercised, the lesser number of Common Shares as result from the consolidation;
- (c) in the event of any change of the Common Shares as constituted on the date hereof, at any time while an Option is in effect, the Company will thereafter deliver at the time of purchase of Optioned Shares hereunder the number of shares of the appropriate class resulting from the said change as an Optionee would have been entitled to receive in respect of the number of Common Shares so purchased had the right to purchase been exercised before such change;
- (d) in the event of a capital reorganization, reclassification or change of outstanding equity shares (other than a change in the par value thereof) of the Company, a consolidation, merger or amalgamation of the Company with or into any other company or a sale of the property of the Company as or substantially as an entirety at any time while an Option is in effect, an Optionee will thereafter have the right to purchase and receive, in lieu of the Optioned Shares immediately theretofore purchasable and receivable upon the exercise of the Option, the kind and amount of shares and other securities and property receivable upon such capital reorganization, reclassification, change, consolidation, merger, amalgamation or sale which the holder of a number of Common Shares equal to the number of Optioned Shares immediately theretofore purchasable and receivable upon the exercise of the Option would have received as a result thereof. The subdivision or consolidation of Common Shares at any time outstanding (whether with or without par value) will not be deemed to be a capital reorganization or a reclassification of the capital of the Company for the purposes of this Section 3.11;
- (e) an adjustment will take effect at the time of the event giving rise to the adjustment, and the adjustments provided for in this section are cumulative;
- (f) the Company will not be required to issue fractional shares in satisfaction of its obligations hereunder. Any fractional interest in a Common Share that would, except for the provisions

of this Section 3.11, be deliverable upon the exercise of an Option will be cancelled and not be deliverable by the Company;

- (g) if any questions arise at any time with respect to the Exercise Price or number of Optioned Shares deliverable upon exercise of an Option in any of the events set out in this Section 3.11, such questions will be conclusively determined by the Company's auditors, or, if they decline to so act, any other firm of Chartered Accountants, in Toronto, Ontario (or in the city of the Company's principal executive office) that the Company may designate and who will be granted access to all appropriate records and such determination will be binding upon the Company and all Optionees; and
- (h) any adjustment, other than in connection with a security consolidation or security split, to Options granted or issued under the Plan is subject to the prior acceptance of the TSX Venture, including adjustments related to an amalgamation, merger, arrangement, reorganization, spin-off, dividend or recapitalization.

ARTICLE 4

COMMITMENT AND EXERCISE PROCEDURES

4.1 Option Commitment

Upon grant of an Option hereunder, an authorized officer of the Company will deliver to the Optionee an Option Commitment detailing the terms of such Options and upon such delivery the Optionee will be subject to the Plan and have the right to purchase the Optioned Shares at the Exercise Price set out therein subject to the terms and conditions hereof, including any additional requirements contemplated with respect to the payment of required withholding taxes on behalf of Optionees.

4.2 Manner of Exercise

An Optionee who wishes to exercise his Option may do so by delivering:

- (a) a written notice to the Company specifying the number of Optioned Shares being acquired pursuant to the Option; and
- (b) a certified cheque, wire transfer or bank draft payable to the Company for the aggregate Exercise Price for the Optioned Shares being acquired, plus any required withholding tax amount subject to Section 4.4.

4.3 Cashless Exercise

Subject to the provisions of the Plan (including, without limitation, Section 4.4), once an Option has vested and become exercisable, an Optionee may elect to exercise such Option by either:

- (a) excluding Options held by any Investor Relations Service Provider, a "net exercise" procedure in which the Company issues to the Optionee, Common Shares equal to the number determined by dividing (i) the product of the number of Options being exercised multiplied by the difference between the VWAP of the underlying Common Shares and the exercise price of the subject Options by (ii) the VWAP of the underlying Common Shares; or
- (b) a broker assisted "cashless exercise" in which the Company delivers a copy of irrevocable instructions to a broker engaged for such purposes by the Company to sell the Common Shares otherwise deliverable upon the exercise of the Options and to deliver promptly to

the Company an amount equal to the Exercise Price and all applicable required withholding obligations as determined by the Company against delivery of the Common Shares to settle the applicable trade.

An Option may be exercised pursuant to this Section 3.4 from time to time by delivery to the Company, at its head office or such other place as may be specified by the Company of (i) written notice of exercise specifying that the Optionee has elected to effect such a cashless exercise of such Option, the method of cashless exercise, and the number of Options to be exercised and (ii) the payment of an amount for any tax withholding or remittance obligations of the Optionee or the Company arising under applicable law and verified by the Company to its satisfaction (or by entering into some other arrangement acceptable to the Company in its discretion, if any). The Participant shall comply with Section 4.4 of this Plan with regard to any applicable required withholding obligations and with such other procedures and policies as the Company may prescribe or determine to be necessary or advisable from time to time including prior written consent of the Board in connection with such exercise.

4.4 Tax Withholding and Procedures

Notwithstanding anything else contained in this Plan, the Company may, from time to time, implement such procedures and conditions as it determines appropriate with respect to the withholding and remittance of taxes imposed under applicable law, or the funding of related amounts for which liability may arise under such applicable law. Without limiting the generality of the foregoing, an Optionee who wishes to exercise an Option must, in addition to following the procedures set out in Section 4.2 and elsewhere in this Plan, and as a condition of exercise:

- (a) deliver a certified cheque, wire transfer or bank draft payable to the Company for the amount determined by the Company to be the appropriate amount on account of such taxes or related amounts; or
- (b) otherwise ensure, in a manner acceptable to the Company (if at all) in its sole and unfettered discretion, that the amount will be securely funded;

and must in all other respects follow any related procedures and conditions imposed by the Company.

4.5 Delivery of Optioned Shares and Hold Periods

As soon as practicable after receipt of the notice of exercise described in Section 4.2 or Section 4.3 as applicable, and payment in full for the Optioned Shares being acquired, the Company will direct its transfer agent to issue to the Optionee the appropriate number of Optioned Shares. An Exchange Hold Period will be applied from the date of grant for all Options granted to:

- (a) Insiders of the Company; or
- (b) where Options are granted to any Service Provider, including Insiders, where the Exercise Price is at a discount to the Market Price.

Pursuant to TSX Venture Policies, where the Exchange Hold Period is applicable, the certificate representing the Optioned Shares or written notice in the case of uncertificated shares will include a legend stipulating that the Optioned Shares issued are subject to a four-month Exchange Hold Period commencing the date of the Option Commitment.

ARTICLE 5 GENERAL

5.1 Employment and Services

Nothing contained in the Plan will confer upon or imply in favour of any Optionee any right with respect to office, employment or provision of services with the Company, or interfere in any way with the right of the Company to lawfully terminate the Optionee's office, employment or service at any time pursuant to the arrangements pertaining to same. Participation in the Plan by an Optionee is voluntary.

5.2 No Representation or Warranty

The Company makes no representation or warranty as to the future market value of Common Shares issued in accordance with the provisions of the Plan or to the effect of the *Income Tax Act* (Canada) or any other taxing statute governing the Options or the Common Shares issuable thereunder or the tax consequences to a Service Provider. Compliance with applicable securities laws as to the disclosure and resale obligations of each Participant is the responsibility of each Participant and not the Company.

5.3 Interpretation

The Plan will be governed and construed in accordance with the laws of the Province of Ontario.

5.4 Continuation of Plan

The Plan will become effective from and after the date first set out above, and will remain effective provided that the Plan, or any amended version thereof, receives Shareholder Approval at each annual general meeting of the holders of Common Shares of the Company subsequent to such effective date.

5.5 Amendment of the Plan

The Board reserves the right, in its absolute discretion, to at any time amend, modify or terminate the Plan with respect to all Common Shares in respect of Options which have not yet been granted hereunder. Any amendment to any provision of the Plan will be subject to any necessary Regulatory Approvals unless the effect of such amendment is intended to reduce (but not to increase) the benefits of this Plan to Service Providers.

SCHEDULE "A"
STOCK OPTION PLAN
OPTION COMMITMENT

Notice is hereby given that, effective this _____ day of _____, _____ pursuant to the provisions of the Stock Option Plan (the "**Plan**") of PINEHURST CAPITAL II INC. (the "**Company**"), the Company has granted to _____ (the "**Optionee**"), an Option to acquire _____ Common Shares ("Optioned Shares") up to 5:00 p.m. (Toronto Time) on the _____ day of _____, _____ (the "**Expiry Date**"), or such earlier date as determined in accordance with the terms of the Plan, at an Exercise Price of Cdn\$ _____ per share.

[Optioned Shares are to vest immediately.]

OR

[Optioned Shares will vest (*INSERT VESTING SCHEDULE AND TERMS*)]

The grant of the Option evidenced hereby is made subject to the terms and conditions of the Plan, which are hereby incorporated herein and form part hereof. This Option Commitment and the Option evidenced hereby is not assignable, transferable or negotiable and is subject to the detailed terms and conditions contained in the Plan. This Option Commitment is issued for convenience only and in the case of any dispute with regard to any matter in respect hereof, the provisions of the Plan and the records of the Company shall prevail.

To exercise the Option, (1) deliver a written notice in the form attached as Schedule "B to the Plan (or in such other form as established by the Company) specifying the number of Optioned Shares you wish to acquire, together with a certified cheque, wire transfer or bank draft payable to the Company for the aggregate exercise price, or (2) if the Optionee wishes to exercise the Option on a "net exercise" basis or "cashless exercise" basis in accordance Section 4.3(a) or Section 4.3(b) of the Plan and the Company's Board of Directors approves the exercise on a "net exercise" basis or "cashless exercise" basis, deliver a written notice and comply with such other conditions as established by the Company for a "net exercise" or "cashless exercise". A certificate, or written notice in the case of uncertificated shares, for the Optioned Shares so acquired will be issued by the Company or its transfer agent, if applicable, as soon as practicable thereafter and may bear a restrictive legend if required under applicable securities laws or the policies of the TSX Venture Exchange.

[Note: If a four month hold period is applicable under the policies of the TSX Venture Exchange, the following legend must be placed on the certificate or the written notice in the case of uncertificated shares.

"WITHOUT PRIOR WRITTEN APPROVAL OF THE TSX VENTURE EXCHANGE AND COMPLIANCE WITH ALL APPLICABLE SECURITIES LEGISLATION, THE SECURITIES REPRESENTED BY THIS CERTIFICATE MAY NOT BE SOLD, TRANSFERRED, HYPOTHECATED OR OTHERWISE TRADED ON OR THROUGH THE FACILITIES OF THE TSX VENTURE EXCHANGE OR OTHERWISE IN CANADA OR TO OR FOR THE BENEFIT OF A CANADIAN RESIDENT UNTIL [insert date 4 months from the date of grant]."

The Company and the Optionee represent that the Optionee, under the terms and conditions of the Plan, is a bona fide Service Provider (as defined in the Plan), entitled to receive Options under TSX Venture Policies.

The Optionee also acknowledges and consents to the collection and use of Personal Information (as defined

in the Policies of the TSX Venture Exchange) by both the Company and the TSX Venture Exchange (or the NEX, as the case may be) as more particularly set out in the Acknowledgement - Personal Information in use by the TSX Venture Exchange (or the NEX, as the case may be) on the date of this Option Commitment.

PINEHURST CAPITAL II INC.

Authorized Signatory

[Insert name of Optionee]

The Optionee acknowledges receipt of a copy of the Plan and represents to the Company that the Optionee is familiar with the terms and conditions of the Plan, and hereby accepts this Option subject to all of the terms and conditions of the Plan. The Optionee agrees to execute, deliver, file and otherwise assist the Company in filing any report, undertaking or document with respect to the awarding of the Option and exercise of the Option, as may be required by applicable regulatory authorities.

Signature of Optionee:

Date signed:

Signature

Print Name

Address

SCHEDULE "B"
TO STOCK OPTION PLAN

PINEHURST CAPITAL II INC.

[insert address]

Re: Employee Stock Option Exercise

Attn: Stock Option Plan Administrator, PINEHURST CAPITAL II INC. (the "Company")

This letter is to inform PINEHURST CAPITAL II INC. that I, _____
_____, wish to exercise _____ options, at _____ per share, on this _____ day
of _____, 202____.

Payment issued in favour of PINEHURST CAPITAL II INC. for the amount of \$ _____
will be forwarded, including withholding tax amounts.

Please register the share certificate in the name of:

Name of Optionee: _____

Address: _____

Please send share certificate to:

Name: _____

Address: _____

Sincerely,

Signature of Optionee

Date

SIN Number (for T4)

SCHEDULE "B"
AUDIT COMMITTEE CHARTER

See attached.

**PINEHURST CAPITAL II INC.
CHARTER OF THE AUDIT COMMITTEE**

1. Introduction

This charter (the "**Charter**") sets forth the purpose, composition, duties and responsibilities of the Audit Committee (the "**Committee**") of the Board of Directors (the "**Board**") of Pinehurst Capital II Inc. (the "**Corporation**").

2. Purpose

The purpose of the Committee is to assist the Board in fulfilling its oversight responsibilities with respect to:

- financial reporting and disclosure requirements;
- ensuring that an effective risk management and financial control framework has been designed, implemented and tested by management of the Corporation;
- external audit processes;
- helping directors meet their responsibilities;
- providing better communication between directors and external auditors;
- enhancing the independence of the external auditors;
- increasing the credibility and objectivity of financial reports; and
- strengthening the role of directors by facilitating in-depth discussions among directors, management and the external auditors regarding significant issues involving judgment and impacting quality controls and reporting.

3. Membership

3.1 *Number of Members*

The Committee shall be composed of three or more members of the Board.

3.2 *Independence of Members*

Subject to any exceptions under applicable law on which the Corporation may rely, each member of the Committee must be independent. "Independent" shall have the meaning, as the context requires, given to it in National Instrument 52-110 Audit Committees, as may be amended from time to time.

3.3 *Chair*

At the time of the annual appointment of the members of the Committee, the Board may appoint a chair of the Committee. If a Committee chair is not appointed by the Board, the members of the Committee may designate a chair by majority vote of the full Committee membership. The Committee chair shall be a member of the Committee.

3.4 *Financial Literacy of Members*

Subject to any exceptions under applicable law on which the Corporation may rely, at the time of his or her appointment to the Committee, each member of the Committee shall have, or shall acquire within a reasonable time following appointment to the Committee, the ability to read and understand a set of financial statements that present a breadth and level of complexity of accounting issues that are generally comparable to the breadth and complexity of the issues that can reasonably be expected to be raised by the Corporation's financial statements.

3.5 *Term of Members*

The members of the Committee shall be appointed annually by the Board. Each member of the Committee shall serve at the pleasure of the Board until the member resigns, is removed, or ceases to be a member of the Board.

4. Meetings

4.1 *Number of Meetings*

The Committee may meet as many times per year as necessary to carry out its responsibilities.

4.2 *Quorum*

No business may be transacted by the Committee at a meeting unless a quorum of the Committee is present. A majority of members of the Committee shall constitute a quorum.

4.3 *Calling of Meetings*

The Committee chair, any member of the Committee, the external auditors, the Chair of the Board, or either Chief Executive Officer or the Chief Financial Officer may call a meeting of the Committee by notifying the Corporation's Corporate Secretary who will notify the members of the Committee.

4.4 *Chair*

The Committee chair shall preside over all Committee meetings that he or she attends, and in the absence of the Committee chair, the members of the Committee present may appoint a chair for the meeting from among their number.

4.5 *Minutes; Reporting to the Board*

The Committee shall maintain minutes or other records of meetings and activities of the Committee in sufficient detail to convey the substance of all discussions held. Upon approval of the minutes by the Committee, the minutes shall be circulated to the members of the Board. However, the Committee chair may report orally to the Board on any matter in his or her view requiring the immediate attention of the Board.

4.6 *Attendance of Non-Members*

The external auditors are entitled to attend and be heard at each Committee meeting. In addition, the Committee may invite to a meeting any officers or employees of the Corporation, legal counsel, advisors and other persons whose attendance it considers necessary or desirable in order to carry out its responsibilities. At least once per year, the Committee shall meet with the internal auditor, if one has been appointed, and management in separate sessions to discuss any matters that the Committee or such individuals consider appropriate.

4.7 *Meetings without Management*

As part of each meeting of the Committee, the independent directors shall hold a meeting with the external auditors of the Corporation and an in camera session, at which management and non-independent directors are not present, and the agenda for each Committee meeting will afford an opportunity for such a session.

4.8 *Access to Management and Books and Records*

The Committee shall have unrestricted access to the Corporation's management and employees and the books and records of the Corporation.

5. Duties & Responsibilities

The Committee has, among other things, the following responsibilities, in addition to the duties and responsibilities required of an audit committee by any exchange upon which securities of the Corporation are traded, or any governmental or regulatory body exercising authority over the Corporation, as are in effect from time to time (collectively, the "**Applicable Requirements**"):

5.1 *Financial Statements and Reporting*

- Assist the Board in the discharge of its oversight responsibilities relating to the Corporation's financial statements and its financial reporting practices and system of internal accounting and financial controls, the corporate audit and risk assessment function, the management information systems, the annual external audit of the Corporation's financial statements and the compliance by the Corporation with laws and regulations and its own Code of Ethics and Business Conduct related thereto.
- Review significant accounting and reporting issues, including complex or unusual material transactions and highly judgmental areas, unusual or sensitive matters such as disclosure of related party transactions, significant non-recurring events, significant risks and changes in provisions, estimates or provisions included in any financial statements, and recent professional and regulatory pronouncements, and understand their impact on and presentation in the financial statements.
- Review and discuss with management and the external auditors the results of the audit, including any difficulties encountered and follow-up in that context and ensure that the external auditors are satisfied that the accounting estimates and judgments made by management's selection of accounting principles reflect an appropriate application of generally accepted accounting principles.
- Review the annual financial statements and consider whether there is any reason to believe that they are not complete, adequate, consistent with information known to the members of the Committee, and reflect appropriate accounting principles and, if appropriate, recommend to the Board their approval and disclosure.
- Understand how management develops interim financial information, and the nature and extent of internal and external auditors involvement.

- Review interim financial reports with management and the external auditors before disclosure and filing with regulators, and consider whether there is any reason to believe that they are not complete and consistent with the information known to the members of the Committee and reflect appropriate accounting principles and, if appropriate, recommend to the Board their approval and disclosure.
- Review the Corporation's management discussion and analysis, and other financial information including, without limitation, forward-looking information provided by the Corporation to any governmental body or the public and, if appropriate, recommend to the Board their approval and disclosure.
- Review the Corporation's annual information form, if applicable, and related regulatory filings before release to the extent that same include financial information, and consider the accuracy and completeness of the financial information contained therein and, if appropriate, recommend to the Board their approval and disclosure.
- Review the Corporation's press releases containing financial information including, without limitation, forward-looking information before the Corporation publicly discloses this information and, if appropriate, recommend to the Board their approval and disclosure.
- Review and discuss with management any litigation matters which could significantly affect the financial statements, and review the manner in which these matters are disclosed in the financial statements.
- Review and discuss any regulatory compliance issues which could significantly affect the financial statements.
- Review and discuss any corporate governance issues which could significantly affect the financial statements.
- Review with management and the external auditors all matters required to be communicated to the Committee under generally accepted auditing standards.
- To the extent not previously reviewed by the Committee, review and, if appropriate, recommend to the Board the approval of all financial statements included in any prospectus, offering memoranda or other offering document and all other financial reports required by regulatory authorities and requiring approval by the Board.
- Review the statement of management's responsibility for the financial statements as signed by the management of the Corporation and included in any published document.
- Obtain explanations for communication to the Board for all significant variances between comparable reporting periods.
- Ensure that adequate procedures are in place for the review of the Corporation's public disclosure of financial information extracted or derived from the Corporation's financial statements and periodically assess the adequacy of those procedures.
- Monitor the application and update, as necessary, of the Corporation's disclosure policy in relation to financial information.

5.2 *Internal Control*

- Review the Corporation's system of internal controls.

- Require management to design, implement and maintain appropriate systems of internal controls in accordance with Applicable Requirements, including internal controls over financial reporting and disclosure and to review, evaluate and approve these procedures.
- At least annually, consider and review with management and the Corporation's external auditors:
 - the effectiveness of, or weaknesses or deficiencies in: the design or operation of the Corporation's internal controls (including computerized information system controls and security); the overall control environment for managing business risks; and accounting, financial and disclosure controls (including, without limitation, controls over financial reporting), non-financial controls, and legal and regulatory controls and the impact of any identified weaknesses in internal controls on management's conclusions;
 - any significant changes in internal controls over financial reporting that are disclosed, or considered for disclosure, including those in the Corporation's regulatory filings;
 - any material issues raised by any inquiry or investigation by the Corporation's regulators;
 - the Corporation's fraud prevention and detection program, including deficiencies in internal controls that may impact the integrity of financial information, or may expose the Corporation to other significant internal or external fraud losses and the extent of those losses and any disciplinary action in respect of fraud taken against management or other employees who have a significant role in financial reporting; and
 - any related significant issues and recommendations of the external auditors together with management's responses thereto, including the timetable for implementation of recommendations to correct weaknesses in internal controls over financial reporting and disclosure controls and procedures.
- Recommend and supervise the establishment and operation of an internal audit process.

5.3 *External Audit*

- Recommend to the Board the appointment or discharge and compensation of the Corporation's external auditors.
- Oversee the work of the external auditors, including the auditors' work in preparing or issuing an audit report, performing other audit, review or attest services or any other related work.
- Fill the role as the direct contact for the external auditors and manage the relationship between the Corporation and the external auditors.
- Maintain a free and open line of communication with management, the Chief Financial Officer and the external auditors.
- Resolve disagreements between the external auditors and management as to financial reporting matters brought to the Committee's attention.

- At least annually, discuss with the external auditors such matters as are required by applicable auditing standards.
- At least annually, review a summary of the external auditors' proposed audit scope and approach, including coordination of audit effort with internal audit.
- Review a report prepared by the external auditors in respect of each of the interim financial statements of the Corporation.
- Pre-approve all non-audit services to be provided to the Corporation or its subsidiary entities by the Corporation's external auditors, that the Committee deems advisable in accordance with Applicable Requirements and policies and procedures adopted by the Board.
- At least annually, and before the external auditors issue their report on the annual financial statements: review and confirm the independence of the external auditors by obtaining statements from the auditors on relationships between the auditors and the Corporation, including non-audit services; discuss any disclosed relationships or services that may affect the objectivity and independence of the auditors; and obtain written confirmation from the auditors that they are objective and independent within the meaning of the applicable rules of professional conduct and other Applicable Requirements.
- At least annually, meet separately with the external auditors to discuss the access to requested information and level of cooperation from management during the performance of their work.
- On a regular basis, review and approve the Corporation's hiring policies regarding partners, employees and former employees of the present and former external auditors of the Corporation.
- Review the qualifications and performance of the lead partner(s) of the external auditors and determine whether it is appropriate to adopt or continue a policy of rotating lead partners of the external auditors.

5.4 *Compliance*

- Establish procedures for the receipt, retention and treatment of complaints received by the Corporation regarding accounting, internal controls or auditing matters, and for the confidential, anonymous submission by employees of the Corporation or its subsidiaries of concerns regarding questionable accounting or auditing matters (the "**Complaints Procedures**").
- Review the effectiveness of the Complaints Procedures and follow-up (including disciplinary action) of any instances of non-compliance.
- Review the findings of any examinations by regulatory agencies, and any auditor observations.
- Obtain regular updates from management and the Corporation's legal counsel regarding compliance matters in respect of the Complaints Procedures.
- Review reports regarding any material communications received from regulators in relation to financial information.

5.5 *Other Responsibilities*

- Review and discuss with management the appointment of key financial executives and recommend qualified candidates to the Board, as appropriate.
- Perform other activities related to this Charter as requested by the Board.
- Investigate and assess any issue that raises significant concern to the Committee, with the assistance, if so required by the Committee, of the Chief Financial Officer and/or the external auditors.

6. Oversight Function

While the Committee is responsible for overseeing the Corporation's financial statements and financial disclosures as set forth in this Charter, the Corporation's management is responsible for the preparation, presentation and integrity of the Corporation's financial statements and financial disclosures and for the appropriateness of the accounting principles and the reporting policies used by the Corporation, and the Corporation's external auditors are responsible for auditing the Corporation's annual consolidated financial statements and for reviewing the Corporation's unaudited interim financial statements.

7. Reporting

The Committee chair shall provide a report to the Board on material matters considered by the Committee at the next regular Board meeting following the Committee's meeting. As required by the Applicable Requirements, the Committee should report annually to shareholders, describing the Committee's composition, responsibilities and any other information required by applicable law. The Committee should also review any other report the Corporation issues that relates to the Committee's responsibilities.

8. Delegation

The Committee may, to the extent permissible by Applicable Requirements, designate a sub-committee to review any matter within this Charter as the Committee deems appropriate.

9. Access to Information and Authority

The Committee will be granted access to all information regarding the Corporation that is necessary or desirable to fulfill its duties and all directors, officers and employees will be directed to cooperate as requested by members of the Committee. The Committee has the authority to retain, at the Corporation's expense, independent legal, financial and other advisors, consultants and experts, to assist the Committee in fulfilling its duties and responsibilities, including sole authority to retain and to approve and pay any such firm's fees and other retention terms without prior approval of the Board. The Committee also has the authority to communicate directly with internal and external auditors.

10. Limitation on Committee's Duties; No Rights Created

Notwithstanding the foregoing and subject to applicable law, nothing contained in this Charter is intended to require the Committee to ensure the Corporation's compliance with applicable laws or

regulations. In contributing to the Committee's discharge of its duties under this Charter, each member of the Committee shall be obliged only to exercise the care, diligence and skill that a reasonably prudent person would exercise in comparable circumstances. Nothing in this Charter is intended or may be construed as imposing on any member of the Committee a standard of care or diligence that is in any way more onerous or extensive than the standard to which the members of the Board are subject. This Charter is a statement of broad policies and is intended as a component of the flexible governance framework within which the Committee functions. While it should be interpreted in the context of all applicable laws, regulations and listing requirements, as well as in the context of the Corporation's Articles and By-laws, it is not intended to establish any legally binding obligations.

11. Review of Charter

Periodically, the Committee shall review and assess the adequacy of this Charter to ensure compliance with any rules of regulations promulgated by any regulatory body and recommend for Board approval any modifications to this Charter as considered advisable.

