

Pinehurst Capital II Inc. and Halcones Precious Metals Inc. Provide Update on Qualifying Transaction

Toronto, Ontario — September 7, 2022 – As previously disclosed in its press release dated January 25, 2022, Pinehurst Capital II Inc. (TSXV: PINH.P) (the “**Corporation**” or “**Pinehurst**”), a capital pool company listed on the TSX Venture Exchange (“**TSXV**”), has entered into an amalgamation agreement dated January 25, 2022, as amended on May 20, 2022 (the “**Amalgamation Agreement**”), with Halcones Precious Metals Inc. (“**Halcones**”), a private company incorporated under the *Business Corporations Act* (Ontario) (the “**OBCA**”), pursuant to which Pinehurst will acquire all of the issued and outstanding securities of Halcones by way of a three-cornered amalgamation with a wholly-owned subsidiary of Pinehurst (“**Subco**”) incorporated under the OBCA (the “**Proposed Transaction**”) constituting a reverse take-over of Pinehurst, subject to the terms and conditions outlined below. Pinehurst, as the resulting issuer following the completion of the Proposed Transaction (the “**Resulting Issuer**”), will continue on the business of Halcones. Pinehurst intends that the Proposed Transaction will constitute its qualifying transaction (the “**Qualifying Transaction**”) in accordance with TSXV Policy 2.4 - *Capital Pool Companies* (the “**CPC Policy**”). It is anticipated that the common shares of the Resulting Issuer (the “**Resulting Issuer Shares**”) will be listed for trading on the TSXV. All currency references used in this news release are in Canadian currency unless otherwise noted.

About Halcones

Halcones is a private company incorporated under the laws of the Province of Ontario which owns an option (the “**Option**”) to acquire 100% of the right, title and interest of the Carachapampa project located in Diego de Almagro, Copiapo, Chile (the “**Carachapampa Project**” or the “**Project**”). Halcones was incorporated on July 5, 2021.

The Option

Pursuant to an assignment of unilateral purchase option contract of mining concessions between Minera Los Halcones SpA, Halcones’ wholly-owned Chilean subsidiary, and Austral Exploraciones SpA (“**Austral**”), Halcones acquired an option agreement (the “**Original Option Agreement**”) to acquire a 100% interest in the Project (the “**Option**”). In order to keep the Option in good standing, Halcones must grant to Austral a 2% net smelter return royalty on production from the Project (the “**NSR**”). Halcones has a right to repurchase a 0.5% NSR from Austral for US\$2 million.

In order to exercise the Option, Halcones must make the following remaining cash payments to the optionor under the Original Option Agreement:

- US\$200,000 on or before April 7, 2023;
- US\$500,000 on or before April 7, 2024; and
- US\$3,100,000 on or before April 7, 2025.

In satisfaction of the requirements under the Original Option Agreement, Halcones has also completed 1,500 m of drilling on the Carachapampa Property. Each of Austral and the optionor under the Original Option Agreement are at arm’s length to Halcones.

The Carachapampa Project

The Carachapampa Project is located within the northeast part of the Maricunga Belt. The property is tied onto the Nueva Esperanza Property of Kingsgate which is a recent discovery. Other important deposits in the region include Salares Norte (Goldfields) and La Coipa (Kinross). The Project comprises 12 claims covering 2,868 hectares and is 2 km southeast of the Chimberos deposit, gold-silver past producing open pit mine.

The Carachapampa Project and adjacent producing and development projects are part of a high sulfidation, epithermal gold environment. An important aspect of the area is that the erosional level is such that the mineralized zones now occur relatively close to or at surface in this part of the belt. There is a thin layer of post-mineralization volcanic cover and the basement rocks can be prospected through windows in the cover. A second critical criterion is that high sulfidation deposits occur on the flank of volcanic domes. Two such volcanic domes have been identified on the Project. There are four main target areas identified to date on the Carachapampa Property, all with disseminated gold mineralization. Recent trenching in the Northeast Target returned values of up to 20.9 g/t gold in disseminated

mineralization, not in veins. This area also features a well-defined IP anomaly (resistivity and chargeability) associated with the window of basement rocks that were sampled through the volcanic cover.

The technical information in this news release has been prepared by David Gower, P. Geo. who is a qualified person within the meaning of National Instrument 43-101 – *Standards of Disclosure for Mineral Projects* (“**NI 43-101**”). Halcones has commissioned a NI 43-101 compliant technical report which it expects will be finalized before the end of Q3 2022.

Select Consolidated Financial Information

The following table contains select consolidated financial information in respect of Halcones as at and for the period indicated. This information should be read in conjunction with Halcones’ audited and unaudited financial statements for the periods presented which will be included in the filing statement to be filed by Pinehurst on SEDAR in connection with the Proposed Transaction (the “**Filing Statement**”).

	Period from incorporation (July 5, 2021) to December 31, 2021 (audited)
Total assets	3,282,921
Total liabilities	139,367
Shareholder’s equity (deficit)	3,143,554
Total revenue	Nil
Net and comprehensive loss	(1,174,200)
Basic and diluted loss per share	(0.02)

Summary of the Qualifying Transaction

As disclosed in Pinehurst’s press release dated January 25, 2022, the Amalgamation Agreement contemplates Halcones and Pinehurst completing an arm’s length three-cornered amalgamation, pursuant to which the Resulting Issuer Shares will be issued to holders of common shares in the capital of Halcones (the “**Halcones Shares**”) in exchange for their Halcones Shares.

Pinehurst currently has 5,300,000 common shares (the “**Pinehurst Shares**”) issued and outstanding, as well as 500,000 stock options issued and outstanding. Prior to closing of the Proposed Transaction, Pinehurst shall undertake a consolidation (the “**Consolidation**”) of the Pinehurst Shares on the basis of 0.4716981 post-Consolidation Pinehurst Shares for each one pre-Consolidation Pinehurst Share.

There are currently 76,094,914 Halcones Shares issued and outstanding. Additionally, there are outstanding warrants to acquire an aggregate of 2,391,021 Halcones Shares and 11,462,200 Subscription Receipts (as defined below).

Upon completion of the Proposed Transaction, it is anticipated that an aggregate of approximately 90,057,114 Resulting Issuer Shares will be issued and outstanding, and: (a) former holders of Halcones Shares will hold 76,094,914 Resulting Issuer Shares, representing approximately 84.50% of the outstanding Resulting Issuer Shares; (b) former holders of Subscription Receipts will hold 11,462,200 Resulting Issuer Shares, representing approximately 12.73% of the outstanding Resulting Issuer Shares; and (c) former holders of Pinehurst Shares will hold 2,500,000 Resulting Issuer Shares, representing approximately 2.78% of the outstanding Resulting Issuer Shares.

The parties to the Proposed Transaction are at arm’s length and it is, therefore, anticipated that the approval of the shareholders of Pinehurst in respect of the Proposed Transaction, as per the provisions of Multilateral Instrument 61-101 - *Protection of Minority Security Holders in Special Transactions* and TSXV Policy 5.9 will not be required. It is anticipated that the Proposed Transaction will be put before the shareholders of Halcones for their approval.

Certain Pinehurst Shares to be issued pursuant to the Proposed Transaction are expected to be subject to restrictions on resale or escrow under the policies of the TSXV, including the securities to be issued to principals (as defined under the TSXV policies), which will be subject to the escrow requirements of the TSXV.

Conditions to Closing

The completion of the Proposed Transaction is subject to the satisfaction of various conditions as are standard for a transaction of this nature, including but not limited to: (i) receipt of all requisite regulatory, stock exchange, court or governmental approvals, authorizations and consents; (ii) the absence of any material change or a change in a material fact or a new material fact affecting Pinehurst or Halcones; (iii) the completion of the Name Change (as defined below) to “Halcones Precious Metals Corp.” or such other name as determined by Halcones; (iv) Halcones having received appropriate approvals from its shareholders; and (v) the completion of a NI 43-101 compliant technical report in respect of the Carachapampa Project. There can be no assurance that all of the necessary regulatory and shareholder approvals will be obtained or that all conditions of closing will be met.

Concurrent Financing

As disclosed in the Pinehurst press releases dated June 24, 2022 and June 30, 2022, in connection with the Proposed Transaction, in June 2022, Halcones completed a brokered private placement of subscription receipts (the “**Subscription Receipts**”) at a price of \$0.30 per Subscription Receipt for gross proceeds of \$3,438,660, as well as a non-brokered private placement of units (the “**Units**”) at a price of \$0.30 per Unit for gross proceeds of \$214,000 (together, the “**Concurrent Financings**”). Each Unit is comprised of one Halcones Share and one-half of one common share purchase warrant (each whole warrant, a “**Halcones Warrant**”). Each Halcones Warrant is exercisable to purchase one Halcones Common Share at a price of \$0.40 for a period of 24 months from issuance.

Upon satisfaction or waiver of all conditions precedent to the Proposed Transaction and certain other ancillary conditions (the “**Escrow Release Conditions**”), immediately prior to effecting the Proposed Transaction, (i) each Subscription Receipt will automatically convert into one Halcones Share and one-half of one Halcones Warrant and (ii) each such Halcones Share and each Halcones Warrant will be immediately exchanged for one Pinehurst Share and one equivalent common share purchase warrant of Pinehurst, each on a post-Consolidation basis.

The Resulting Issuer

Upon completion of the Proposed Transaction, it is anticipated that the Resulting Issuer will continue the business of Halcones under the name “Halcones Precious Metals Corp.” or such other name as to be determined by Halcones (the “**Name Change**”). It is expected that the Resulting Issuer will be a Tier 2 Mining Issuer under the policies of the TSXV. The business of the Resulting Issuer will be focused primarily on the exploration of the Project. Following closing of the Proposed Transaction, it is anticipated that the Resulting Issuer Shares will trade on the TSXV under the ticker symbol “HPM”.

Concurrently with the completion of the Proposed Transaction, Pinehurst will cause all of the current directors and officers of Pinehurst and Subco to resign, and will be replaced by nominees put forth by Halcones. The directors of the Resulting Issuer are anticipated to be Lawrence Guy, Vernon Arseneau, David Gower, Paul Pint, Ben Bowen, Patrizia Ferrarese and Michael Shuh. These directors shall hold office until the first annual meeting of the shareholders of the Resulting Issuer following closing, or until their successors are duly appointed or elected. The officers of the Resulting Issuer are anticipated to be Paul Pint as Chief Executive Officer, Vernon Arseneau as Chief Operating Officer, Greg Duras as Chief Financial Officer and Damian Lopez as Corporate Secretary. Biographies of each of the proposed directors and officers are included below.

Paul Pint – Chief Executive Officer and Director – 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., 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.

Vernon Arseneau – Chief Operating Officer and Director – 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. 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. 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. exploring for gold in Colombia and Nicaragua. Vern holds a Bachelor of Science in geology.

Ben Bowen – Director – Mr. Bowen has 20 years of experience building businesses in multiple sectors. After a success start to his career with Xerox Canada, Ben quickly ventured into entrepreneurship. His first venture, Seaway Document Solutions Inc, which he purchased in 2002, was acquired in 2013. He then co-founded a start-up software company where he acted as CEO, servicing the global shared workspace industry. Following an exit from the software company, Ben started consulting for Canadian based SaaS firms, with a focus on developing go-to-market strategies for recently funded companies. Since 2016, Ben has continued consulting with his latest venture, Open Door Media, which is a full stack marketing firm focused on the lifestyle industry. Ben is also a founder of Innovate Kingston.

Patrizia Ferrarese – Director – Ms. Ferrarese has more than 20 years of experience in capital markets, entrepreneurship, and strategy consulting. She is currently Vice President (VP) of Business Design and Innovation at Investment Planning Counsel (IPC), overseeing strategic growth initiatives in wealth management. Prior to joining IPC as VP of Product Management, Ms. Ferrarese held senior roles in product management and performance optimization at Tangerine Bank and Praxair, with responsibility for strategic growth across Canada. Her management consulting experience includes engagements in South America and EMEA spanning graphite, oil and gas, and potash industries focused on identifying new market opportunities. Her career includes equity and options market making and trading in North America, culminating in portfolio and commodity trading manager roles as co-founder of an investment management company. Beyond her professional career, Ms. Ferrarese mentors case competition teams at the Rotman School of Management and is a Volunteer Advisor with the Canadian Executive Service Organization (CESO). Ms. Ferrarese recently completed her Doctorate in Business Administration at SDA Bocconi and holds an MBA from Wilfrid Laurier University and a Bachelor of Arts (Honours) in Economics from York University.

David Gower – Director – Mr. Gower has held Executive and Director positions with several junior and midsize mining companies for the past 14 years, including Chief Executive Officer and Director of Emerita Resources and President of Brazil Potash Corp. David spent over 20 years with Falconbridge (now Glencore) 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 and Lithium Ionic Corp.

Lawrence Guy – Director – Mr. Guy is Chief Executive Officer of North 52nd Asset Management Inc. and Chair of Emerita Resources Corp. 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.

Michael Shuh – Director – Mr. Shuh is a Managing Director, Investment Banking, at Canaccord Genuity. Mr. Shuh has over 20 years of investment banking experience and leads the Financial Institutions Group at Canaccord Genuity, Canada's largest independent investment bank. In addition to covering traditional financial institutions, Mr. Shuh has deep expertise in structured finance and special purpose acquisition corporations (SPACs). Mr. Shuh is also the CEO and Chairman of Canaccord Genuity Growth II Corp., a publicly-listed SPAC that raised \$100MM to pursue acquisitions. Mr. Shuh received an Honours, Bachelor of Business Administration from the Lazaridis School of Business & Economics at Wilfrid Laurier University and a Masters of Business Administration from the Richard Ivey School of Business at Western University.

Greg Duras – Chief Financial Officer – Mr. Duras is a senior executive with over 20 years of experience

in the resource sector in corporate development, financial management and cost control positions. He's held the position of CFO at several publicly traded companies, including Savary Gold Corp., Nordic Gold Corp and Avion Gold Corp. Greg is a Certified General Accountant and a Certified Professional Accountant and holds a Bachelor of Administration from Lakehead University.

Damian Lopez – Corporate Secretary – Mr. Lopez is a corporate securities lawyer who works as a legal consultant to various TSX and TSX Venture Exchange listed companies. He previously worked as a securities and merger & acquisitions lawyer at a large Toronto corporate legal firm, where he worked on a variety of corporate and commercial transactions. Mr. Lopez obtained a Juris Doctor from Osgoode Hall and he received a Bachelor of Commerce with a major in Economics from Rotman Commerce at the University of Toronto.

Sponsorship

Sponsorship of a qualifying transaction of a capital pool company is required by the TSXV unless exempt in accordance with TSXV policies. Pinehurst intends to apply for an exemption from the sponsorship requirements.

About Pinehurst

Pinehurst is a capital pool company and Pinehurst Shares are listed for trading on the TSXV under the symbol "PINH.P".

Filing Statement

In connection with the Proposed Transaction and pursuant to the requirements of the TSXV, Pinehurst will file a filing statement or a management information circular on its issuer profile on SEDAR (www.sedar.com), which will contain details regarding the Proposed Transaction, Halcones, the Project, the Concurrent Financing, and the Resulting Issuer.

Reinstatement to Trading

In accordance with the policies of the TSXV, the Pinehurst Shares are currently halted from trading and will remain so until such time as the TSXV determines, which, depending on the policies of the TSXV, may not occur until completion of the Proposed Transaction.

For further information, please contact:

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Cautionary Note

Information concerning Halcones, including the proposed directors of the Resulting Issuer, has been provided to the Corporation by Halcones for inclusion in this press release.

Completion of the Proposed Transaction is subject to a number of conditions, including but not limited to, TSXV acceptance and if applicable pursuant to Exchange Requirements (as that term is defined in the policies of the TSXV), majority of the minority shareholder approval. Where applicable, the Proposed Transaction cannot close until the required shareholder approval is obtained. There can be no assurance that the Proposed Transaction will be completed as proposed or at all.

Investors are cautioned that, except as disclosed in the management information circular or filing statement to be prepared in connection with the Proposed Transaction, any information released or received with respect to the Proposed Transaction may not be accurate or complete and should not be relied upon. Trading in the securities of a capital pool company should be considered highly speculative.

The TSXV has in no way passed upon the merits of the proposed transaction and has neither approved nor disapproved the contents of this press release. Neither the TSXV nor its Regulation Services

Provider (as that term is defined in the policies of the TSXV) accepts responsibility for the adequacy or accuracy of this release.

The securities referenced herein have not been, nor will be, registered under the United States Securities Act of 1933, as amended, and may not be offered or sold within the United States or to, or for the account or benefit of, U.S. persons absent U.S. registration or an applicable exemption from U.S. registration requirements. This release does not constitute an offer for sale of securities in the United States.

Forward-Looking Information

This press release contains “forward-looking information” and “forward-looking statements” (collectively, “**forward-looking statements**”) within the meaning of applicable Canadian securities legislation. All statements, other than statements of historical fact, are forward-looking statements and are based on expectations, estimates and projections as at the date of this press release. Any statement that involves discussions with respect to predictions, expectations, beliefs, plans, projections, objectives, assumptions, future events or performance (often but not always using phrases such as “expects”, or “does not expect”, “is expected”, “anticipates” or “does not anticipate”, “plans”, “budget”, “scheduled”, “forecasts”, “estimates”, “believes” or intends” or variations of such words and phrases or stating that certain actions, events or results “may” or “could”, “would”, “might” or “will” be taken to occur or be achieved) are not statements of historical fact and may be forward-looking statements. In this press release, forward-looking statements relate, among other things, to: the Proposed Transaction and certain terms and conditions thereof; the business of Halcones, information concerning the Project, the commissioning of an updated NI 43-101 compliant technical report with respect to the Project, the proposed directors of the Resulting Issuer, TSXV sponsorship requirements and intended application for exemption therefrom, shareholder, director and regulatory approvals, and future press releases and disclosure. Forward-looking statements are necessarily based upon a number of estimates and assumptions that, while considered reasonable, are subject to known and unknown risks, uncertainties, and other factors that may cause the actual results and future events to differ materially from those expressed or implied by such forward-looking statements. Such factors include, but are not limited to: general business, economic, competitive, political and social uncertainties; and the delay or failure to receive shareholder, director or regulatory approvals. There can be no assurance that such statements will prove to be accurate, as actual results and future events could differ materially from those anticipated in such statements. Accordingly, readers should not place undue reliance on the forward-looking statements and information contained in this press release. Except as required by law, Pinehurst assumes no obligation to update the forward-looking statements of beliefs, opinions, projections, or other factors, should they change.