

Pinehurst Capital II Announces Letter of Intent for Qualifying Transaction with Halcones Precious Metals Inc.

Toronto, Ontario — November 12, 2021 – 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 a binding letter of intent with Halcones Precious Metals Inc. ("**Halcones**") dated November 12, 2021 (the "**Letter of Intent**") in respect of a proposed business combination transaction pursuant to which Pinehurst will acquire all of the issued and outstanding securities of Halcones (the "**Proposed Transaction**"). It is anticipated that the Proposed Transaction will constitute the qualifying transaction of Pinehurst in accordance with Policy 2.4 - Capital Pool Companies of the Corporate Finance Manual (the "**CPC Policy**") of the TSX Venture Exchange (the "**TSXV**"). The resulting company following the completion of the Proposed Transaction is referred to as the "**Resulting Issuer**". 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**").

The Carachapampa Project

The Carachapampa Project is located within the northeast part of the renowned Maricunga Belt. The Maricunga Belt is the most important gold producing district in South America. The property is tied onto the Nueva Esperanza Property of Kingsgate which is a recent discovery that is planned for development next year. Other important deposits in the region include Solares Norte (Goldfields) and La Koipa (Kinross). The Project comprises 12 claims covering 2,868 hectares and is 2 km southeast of the Chimberos deposit, gold-silver producing open pit.

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 criteria is the high sulfidation deposits occur on the flank of volcanic domes. Two such volcanic domes have been identified on the Property. There are four main target areas identified to date, all with disseminated gold mineralization, on the Carachapampa Property. 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.

According to Vernon Arseneau, P.Geo., Halcones' COO: "It is very exciting to see these types of drill targets that have not been tested occurring in such close proximity to the large mineralized system that is being developed on the Project immediately adjacent to the northwest."

The technical information in this news release has been prepared by Vern Arseneau, P. Geo. who is a qualified person within the meaning of National Instrument 43-101 ("**NI 43-101**") – *Standards of Disclosure for Mineral Projects*. Halcones has commissioned a NI 43-101 compliant technical report which it expects will be finalized before the end of Q1 2022.

The Option

Pursuant to an assignment of unilateral purchase option contract of mining concessions between Minera Los Halcones SpA, the Company's wholly-owned subsidiary, and Austral Exploraciones SpA ("**Austral**"), the Company acquired the option agreement to acquire a 100% interest in the Project. In order to keep the Option in good standing, the Company must pay USD\$150,000 to Austral on or before March 24, 2022 and grant to Austral a 2% net smelter return royalty on production from the Project (the "**NSR**"). The Company has a right to repurchase a 0.5% NSR from Australes for USD\$2 million.

In order to exercise the Option and acquire a 100% ownership interest in the Project, the Company must make the following cash payments, in the aggregate of USD\$3.85 million, to the arm's length property owners:

- USD\$50,000 on or before April 7, 2022;
- USD\$200,000 on or before April 7, 2023;
- USD\$500,000 on or before April 7, 2024; and
- USD\$3,100,000 on or before April 7, 2025.

In addition to these cash payments, the Company must complete 1,500m of drilling on the Project on or before April 7, 2022.

Summary of the Proposed Qualifying Transaction

The Letter of Intent contemplates that Halcones and Pinehurst will negotiate and enter into a definitive agreement in respect of the Proposed Transaction on or before April 30, 2022 (the "**Definitive Agreement**"), pursuant to which it is anticipated that Pinehurst will acquire all of the issued and outstanding Halcones common shares (the "**Halcones Shares**"), and shareholders of Halcones will receive Pinehurst common shares (the "**Pinehurst Shares**") in exchange for their Halcones Shares. The Proposed Transaction will be structured as a three-cornered amalgamation, plan of arrangement or other structure based on the advice of the parties' respective advisers and taking into account various securities, tax, operating and other considerations.

It is anticipated that the Resulting Issuer will continue the business of Halcones under a name to be determined by Halcones (the "**Name Change**"). The business of the Resulting Issuer will be primarily focused on the exploration of the Project.

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.

The completion of the Proposed Transaction is subject to a number of terms and conditions, including and without limitation to the following: negotiation and execution of the Definitive Agreement; there being no material adverse changes in respect of either Pinehurst or Halcones; the parties obtaining all necessary consents, orders, regulatory and shareholder approvals, including the conditional approval of the TSXV; completion of the Name Change and any other required corporate changes requested by Halcones, acting reasonably; completion of the Concurrent Financing (as defined below); completion of a NI 43-101 compliant technical report for the Project; completion of a thorough business, legal and financial review by each party of the other party; and other standard conditions of closing for a transaction in the nature of the Proposed Transaction. The Proposed Transaction does not constitute a Non-Arm's Length Qualifying Transaction (as that term is defined in the CPC Policy) and, accordingly, is not expected to require the approval of Pinehurst's shareholders.

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.

Upon completion of the Proposed Transaction, it is anticipated that the Resulting Issuer will be listed as a Tier 2 mining issuer on the TSXV, with Halcones as its primary operating subsidiary.

Concurrent Financing

In connection with the proposed transaction, the parties will complete a concurrent financing (the "**Concurrent Financing**") of securities of Halcones for gross proceeds of at least \$1 million, to be priced in the context of the market at a mutually agreeable price per security. The price per security will not be below the Discounted Market Price (as such term is defined in the policies of the TSXV). The Concurrent Financing shall be structured as either a common share offering, a subscription receipt offering, or such other security offering as determined by Halcones and Pinehurst based on

discussions with investors. Other than in connection with the Concurrent Financing, neither party will issue any shares or rights exchangeable or exercisable into shares of such party prior to closing of the Proposed Transaction.

The proceeds of the Concurrent Financing will be used to finance (i) the cash payments for the acquisition of the Project, (ii) exploration and other expenses relating to the Project, and (iii) the working capital requirements of the Resulting Issuer.

Further particulars regarding the Concurrent Financing will be disclosed in subsequent news releases relating to the Proposed Transaction. The parties acknowledge that an agent may be engaged (the "**Agent**") to act as agent on a "commercially reasonable efforts" basis for the Concurrent Financing and in connection therewith may be paid a commission in an amount to be determined.

Summary of Proposed Directors, Officers and Insiders

Upon completion of the Transaction, the Resulting Issuer's board and management will consist of the following persons:

- Lawrence Guy, Chief Executive Officer and Director
- Vernon Arseneau, Chief Operating Officer and Director
- David Gower, Director
- Paul Pint, Director
- Greg Duras, Chief Financial Officer
- Damian Lopez, Corporate Secretary

The bios of each of the above are outlined below:

Lawrence Guy

Chief Executive Officer and 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.

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.

David Gower

Director

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, Nobel 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.

Paul Pint

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.

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 NASDAQ, 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.

Information Concerning Pinehurst

Pinehurst is a capital pool company and its common shares ("**Common Shares**") are listed for trading on the TSXV under the symbol "PINH.P". As at June 30, 2021, Pinehurst had cash and near cash assets, net of liabilities, of approximately C\$57,545.

Filing Statement

In connection with the 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 Transaction, Halcones, the Project, the Concurrent Financing, and the Resulting Issuer.

Sponsorship of Qualifying Transaction

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.

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.

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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 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.

Cautionary and Forward-Looking Statements

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 Concurrent Financing; 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.