

Form 45-106F6

British Columbia Report of Exempt Distribution

This is the form required under section 6.1 of National Instrument 45-106 for a report of exempt distribution in British Columbia.

Issuer/underwriter information

Item 1: Issuer/underwriter name and contact information

PNO Resources Ltd. (the "Issuer")
Name of Issuer
Suite 3123, 595 Burrard Street, Vancouver, BC V7X 1J1
Address
604-609-6110
Telephone Number
n/a n/a
Website Address E-mail Address

Item 2: Reporting issuer status

A. State whether the issuer is or is not a reporting issuer and, if reporting, each of the jurisdictions in which it is reporting.

The Issuer is a reporting issuer in British Columbia, Alberta, Ontario and Quebec.

B. If the issuer is an investment fund managed by an investment fund manager registered in a jurisdiction of Canada, name the investment fund manager and state the jurisdiction(s) where it is registered.

N/A

Item 3: Issuer's industry

Indicate the industry of the issuer by checking the appropriate box below.

- | | |
|---|---|
| <input type="checkbox"/> Bio-tech | Mining |
| Financial Services | <input checked="" type="checkbox"/> exploration/development |
| <input type="checkbox"/> investment companies and funds | <input type="checkbox"/> production |
| <input type="checkbox"/> mortgage investment companies | <input type="checkbox"/> Oil and gas |
| <input type="checkbox"/> securitized products issuers | <input type="checkbox"/> Real estate |
| <input type="checkbox"/> Forestry | <input type="checkbox"/> Utilities |

☐ Hi-tech
☐ Industrial

☐ Other (describe) _____

Item 4: Insiders and promoters of non-reporting issuers

If the issuer is an investment fund managed by an investment fund manager registered in a jurisdiction of Canada, do not complete this table.

If the issuer is not a reporting issuer in any jurisdiction of Canada, complete the following table by providing information about each insider and promoter of the issuer. If the insider or promoter is not an individual, complete the table for directors and officers of the insider or promoter.

Information about insiders and promoters			
Full name, municipality and country of principal residence	All positions held (e.g., director, officer, promoter and/or holder of more than 10% of voting securities)	Number and type of securities of the issuer beneficially owned or, directly or indirectly controlled, on the distribution date, including any securities purchased under the distribution	Total price paid for all securities beneficially owned or, directly or indirectly controlled, on the distribution date, including any securities purchased under the distribution (Canadian \$)
N/A			

Details of distribution

Item 5: Distribution date

State the distribution date. If this report is being filed for securities distributed on more than one distribution date, state all distribution dates.

July 31, 2015

Item 6: Number and type of securities

For each security distributed:

- describe the type of security;

Subscription receipts.

- state the total number of securities distributed. If the security is convertible or exchangeable, describe the type of underlying security, the terms of exercise or conversion and any expiry date; and

The Issuer issued 20,525,000 subscription receipts (a “Subscription Receipt”) at a price of \$0.20 per Subscription Receipt for aggregate gross proceeds of \$4,105,000. Each Subscription Receipt will entitle the holder thereof to receive, upon satisfaction of certain escrow release conditions, one PNO Share and one share purchase warrant of PNO (a “PNO PP Warrant”). Each PNO PP Warrant will entitle the holder thereof to acquire one PNO Share at an exercise price of \$0.30 for five years from the effective date of a proposed arrangement with Sandspring Resources Ltd. (“Sandspring”) and 1042573 B.C. Ltd., a wholly-owned subsidiary of Sandspring Resources Ltd. (the “Arrangement”). The PNO Shares and PNO PP Warrants will be immediately exchanged on a one-for-one basis for Sandspring shares and Sandspring warrants pursuant to the Arrangement.

- if the issuer is an investment fund managed by an investment fund manager registered in a jurisdiction of Canada, state the exemption(s) relied on. If more than one exemption is relied on, state the amount raised using each exemption.

N/A

Item 7: Geographical information about purchasers

Complete the following table for each Canadian and foreign jurisdiction where purchasers of the securities reside. Do not include in this table information about securities issued as payment of commissions or finder's fees disclosed under item 9 of this report. The information provided in this table must reconcile with the information provided in item 8 and Schedules I and II.

Each Canadian and foreign jurisdiction where purchasers reside	Number of purchasers	Price per security (Canadian \$) ¹	Total dollar value raised from purchasers in the jurisdiction (Canadian \$)
British Columbia	35	\$0.20	1,985,000
Alberta	2	\$0.20	60,000
Saskatchewan	1	\$0.20	315,000
Ontario	10	\$0.20	575,000
Colorado	2	\$0.20	232,500
New York	1	\$0.20	100,000
Argentina	1	\$0.20	100,000
BVI	2	\$0.20	287,500
Cayman Islands	1	\$0.20	100,000
Switzerland	1	\$0.20	350,000
Total number of Purchasers	56		
Total dollar value of distribution in all jurisdictions (Canadian \$)			\$4,105,000

Note 1: If securities are issued at different prices, list the highest and lowest price for which the securities were sold.

Item 8: Information about purchasers*Instructions*

A. If the issuer is an investment fund managed by an investment fund manager registered in a jurisdiction of Canada, do not complete this table.

B. Information about the purchasers of securities under the distribution is required to be disclosed in different tables in this report. Complete

- the following table for each purchaser that is not an individual, and
- the tables in Schedules I and II of this report for each purchaser who is an individual.

Do not include in the tables information about securities issued as payment of commissions or finder's fees disclosed under item 9 of this report.

C. An issuer or underwriter completing this table in connection with a distribution using the exemption in subparagraph 6.1(1)(j) [*TSX Venture Exchange offering*] of National Instrument 45-106 *Prospectus Exemptions* may choose to replace the information in the first column with the total number of purchasers, whether individuals or not, by jurisdiction. If the issuer or underwriter chooses to do so, then the issuer or underwriter is not required to complete the second column or the tables in Schedules I and II.

Information about non-individual purchasers					
Full name and address of purchaser and name and telephone number of a contact person	Indicate if the purchaser is an insider (I) of the issuer or a registrant (R)	Number and type of securities purchased	Total purchase price (Canadian \$)	Exemption relied on	Date of distribution (yyyy-mm-dd)
501287 BC Ltd. 5691 Sunshine Falls Lane North Vancouver, BC V7G 2T9 Tel: 604-802-0053 Attn: Michael Kennedy, President	-	100,000 Subscription Receipts	20,000	S2.3 of NI45-106	2015-07-31
Bebek Consulting Inc. 2960 Palmerston Avenue Vancouver, BC V7V 2X3 Tel: 604-307-5808 Attn: Ivan Bebek, CEO	-	375,000 Subscription Receipts	75,000	S2.3 of NI45-106	2015-07-31
Extract Capital Master Fund Ltd. 89 Nexus Way, Camana Bay Grand Cayman, Cayman Islands KY1-9007 Tel: 212-255-0972 Attn: Ethan Park, Partner	-	500,000 Subscription Receipts	100,000	S2.3 of NI45-106	2015-07-31
Fiore Aviation Corporation 3123 - 595 Burrard Street	I	1,000,000 Subscription Receipts	200,000	S2.3 of NI45-106	2015-07-31

Vancouver, BC V7X 1J1 Tel: 604-609-6101 Attn: Frank Giustra, President					
Fiore Financial Corporation 3123 - 595 Burrard Street Vancouver, BC V7X 1J1 Tel: 604-609-6101 Attn: Frank Giustra, President	I	2,500,000 Subscription Receipts	500,000	S2.3 of NI45- 106	2015-07-31
JB Levy Corp 491 Melrose Ave Toronto, Ontario M5M 2A1 Tel: 416-567-2440 Attn: Jamie Levy, President and Secretary	R	125,000 Subscription Receipts	25,000	S2.3 of NI45- 106	2015-07-31
MARQUEST MUTUAL FUNDS INC.- EXPLORER SERIES FUND by its Investment Manager Marquest Asset Management Inc. 161 Bay St, Suite 4420, PO Box 204 Toronto, Ontario M5J 2S1 Tel: 416-777-7350 Attn: Gerry Brockelsby, Portfolio Manager	-	565,000 Subscription Receipts	113,000	S2.3 of NI45- 106	2015-07-31
Marquest Resource Fund by its Investment Manager Marquest Asset Management Inc. 161 Bay St, Suite 4420, PO Box 204 Toronto, Ontario M5J 2S1 Tel: 416-777-7350 Attn: Gerry Brockelsby, Portfolio Manager	-	110,000 Subscription Receipts	22,000	S2.3 of NI45- 106	2015-07-31
Marquest Small/Mid Cap Fund by its Investment Manager Marquest Asset Management Inc.	-	575,000 Subscription Receipts	115,000	S2.3 of NI45- 106	2015-07-31

161 Bay St, Suite 4420, PO Box 204 Toronto, Ontario M5J 2S1 Tel: 416-777-7350 Attn: Gerry Brockelsby, Portfolio Manager					
Marquest Small Companies Fund by its Investment Manager Marquest Asset Management Inc. 161 Bay St, Suite 4420, PO Box 204 Toronto, Ontario M5J 2S1 Tel: 416-777-7350 Attn: Gerry Brockelsby, Portfolio Manager	-	150,000 Subscription Receipts	30,000	S2.3 of NI45- 106	2015-07-31
Marquest Canadian Resource Fund by its Investment Manager Marquest Asset Management Inc. 161 Bay St, Suite 4420, PO Box 204 Toronto, Ontario M5J 2S1 Tel: 416-777-7350 Attn: Gerry Brockelsby, Portfolio Manager	-	200,000 Subscription Receipts	40,000	S2.3 of NI45- 106	2015-07-31
Bank Julius Baer & Co Ltd Bahnhofstrasse 36 CH-8010 Zurich, Switzerland Tel: +410588888733 Attn: W. Gunthard, Director	-	1,750,000 Subscription Receipts	350,000	S2.3 of NI45- 106	2015-07-31
Lundy Management Ltd 1128 Alberni Street, #2702 Vancouver, BC V6E 4R6 Tel: 604-441-0069 Attn: Stephen Swattor	-	125,000 Subscription Receipts	25,000	S2.3 of NI45- 106	2015-07-31

AST Securities & Trade Company 3076 Sir Francis Drake Highway Road Town, Tortola BVI Tel: Unknown Attn: Thomas M. Schulz and Christoph Langenauer	-	787,500 Subscription Receipts	157,500	BCI72-503	2015-07-31
Meridian Global Gold and Resources Fund Ltd. Craigmuir Chambers PO Box 71 Road Town, Tortola, BVI Tel: 441-296-6663 Attn: Ian Mann, President	-	650,000 Subscription Receipts	130,000	S2.3 of NI45-106	2015-07-31
TOTAL		9,512,500	\$1,902,500		

Commissions and finder's fees

Item 9: Commissions and finder's fees

Instructions

A. Complete the following table by providing information for each person who has received or will receive compensation in connection with the distribution(s). Compensation includes commissions, discounts or other fees or payments of a similar nature. Do not include information about payments for services incidental to the distribution, such as clerical, printing, legal or accounting services.

B. If the securities being issued as compensation are or include convertible securities, such as warrants or options, add a footnote describing the terms of the convertible securities, including the term and exercise price. Do not include the exercise price of any convertible security in the total dollar value of the compensation unless the securities have been converted.

Full name and address of the person being compensated	Indicate if the person being compensated is an insider (I) of the issuer or a registrant (R)	Compensation paid or to be paid (cash and/or securities)				
		Cash (Canadian \$)	Securities			Total dollar value of compensation (Canadian \$)
			Number and type of securities issued	Price per security (Canadian \$)	Exemption relied on and date of distribution (yyyy-mm-dd)	
N/A						

Certificate

On behalf of the issuer, I certify that the statements made in this report are true.

Date: August 7, 2015

PNO Resources Ltd.

Name of issuer (please print)

Geir Liland, Director 604-609-6110

Print name, title and telephone number of person signing

/s/Geir Liland

Signature

Instruction

The person certifying this report must complete the information in the square brackets by deleting the inapplicable word. For electronic filings, substitute a typewritten signature for a manual signature.

Item 10: Contact information

State the name, title and telephone number of the person who may be contacted with respect to any questions regarding the contents of this report, if different than the person signing the certificate.

IT IS AN OFFENCE TO MAKE A MISREPRESENTATION IN THIS REPORT.

Notice - Collection and use of personal information

The British Columbia Securities Commission collects and uses the personal information required to be included in this report for the administration and enforcement of the *Securities Act*. If you have any questions about the collection and use of this information, contact the British Columbia Securities Commission at the following address:

British Columbia Securities Commission

P.O. Box 10142, Pacific Centre

701 West Georgia Street

Vancouver, British Columbia V7Y 1L2

Telephone: (604) 899-6500

Toll free across Canada: 1-800-373-6393

Facsimile: (604) 899-6581