

**ARRANGEMENT AGREEMENT**

**between**

**RED PINE EXPLORATION INC.**

**and**

**AUGUSTINE VENTURES INC.**

Dated November 14, 2016

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## ARRANGEMENT AGREEMENT

**THIS ARRANGEMENT AGREEMENT** is dated the 14<sup>th</sup> day of November, 2016.

**BETWEEN:**                **RED PINE EXPLORATION INC.**, a corporation existing under the laws of the Province of Ontario;

(“**Red Pine**”)

**AND:**                      **AUGUSTINE VENTURES INC.**, a corporation existing under the laws of the Province of Ontario;

(“**Augustine**”)

### **WHEREAS:**

- (A) Red Pine and Augustine agree to proceed with a business combination transaction providing for the acquisition by Red Pine of all of the outstanding Augustine Shares (as hereinafter defined);
- (B) the Augustine Board (as hereinafter defined) has unanimously determined that the business combination to be effected by way of the Plan of Arrangement (as hereinafter defined) is advisable and in the best interests of Augustine and the Augustine Shareholders (as hereinafter defined) and that, on the basis of an opinion from its financial advisors, the Augustine Consideration (as hereinafter defined) is fair, from a financial point of view, to the Augustine Shareholders;
- (C) the Augustine Board has approved the transactions contemplated by this Agreement and unanimously determined to recommend approval of the Arrangement Resolution (as hereinafter defined) to the Augustine Shareholders;
- (D) the Red Pine Board (as hereinafter defined) has unanimously determined that the business combination to be effected by way of the Plan of Arrangement is advisable and in the best interests of Red Pine;
- (E) the Red Pine Board has approved the transactions contemplated by this Agreement;
- (F) Augustine and Red Pine intend that the proposed business combination be effected by way of the Plan of Arrangement under the provisions of the OBCA (as hereinafter defined) and in furtherance of such business combination, the Augustine Board has agreed to submit the Arrangement Resolution to the Augustine Shareholders and the Court (as hereinafter defined) for approval; and
- (G) the Parties intend to carry out the proposed business combination transaction by way of the Plan of Arrangement under the provisions of the OBCA.

**NOW THEREFORE THIS AGREEMENT WITNESSES THAT**, in consideration of the respective covenants and agreements hereinafter contained and other good and valuable consideration (the receipt and sufficiency of which are hereby acknowledged), the Parties agree as follows:

## **ARTICLE 1 INTERPRETATION**

### **Definitions**

- 1.1 In this Agreement and in the recitals hereto, unless there is something in the context or subject matter inconsistent therewith, the following words and terms shall have the meanings hereinafter set out:
- (a) “**1933 Act**” means the *United States Securities Act of 1933*, as amended, and the rules and regulations promulgated from time to time thereunder;
  - (b) “**1934 Act**” means the *United States Securities Exchange Act of 1934*, as amended, and the rules and regulations promulgated from time to time thereunder;
  - (c) “**1940 Act**” means the *United States Investment Company Act of 1940*, as amended, and the rules and regulations promulgated from time to time thereunder;
  - (d) “**Acquisition Proposal**” means, other than the transactions contemplated by this Agreement, any proposal, offer or expression of interest regarding (i) any merger, take-over bid, amalgamation, plan of arrangement, share exchange, business combination, consolidation, recapitalization, reorganization, joint venture, partnership or similar transaction, including any single or multi-step transaction or a series of related transactions, or any liquidation, dissolution or winding-up in respect of Augustine; (ii) any sale or acquisition of all or a material portion of the assets of Augustine; (iii) any sale or acquisition of all or a material portion of the outstanding equity securities of Augustine or other securities of Augustine; (iv) any sale of an interest in any material mineral property or material joint venture of Augustine; (v) any proposal or offer to, or public announcement of an intention to do, any of the foregoing from any person other than Red Pine; or (vi) any other similar transaction the consummation of which would, or could, reasonably be expected to impede or delay the completion of the Arrangement or could reasonably be expected to materially reduce the benefit to Red Pine under this Agreement or the Arrangement;
  - (e) “**affiliate**” has the meaning specified in National Instrument 45-106 – *Prospectus Exemptions*;
  - (f) “**Agreement**” means this agreement between the Parties entered into for the purpose of effecting the Arrangement, including the schedules attached hereto, as the same may be supplemented or amended from time to time;
  - (g) “**Applicable Laws**” means any domestic or foreign statute, law, ordinance, rule, regulation, restriction, published regulatory policy or guideline, by-law (zoning or otherwise), or order or any consent, exemption, approval or licence of any domestic or foreign Governmental Entity that applies in whole or in part to the Parties, as the context requires, or to their respective businesses, undertakings, properties or securities,

including, without limitation, Applicable Securities Laws;

- (h) “**Applicable Securities Laws**” means Canadian Securities Laws and United States Securities Laws, as applicable in the circumstances;
- (i) “**Arrangement**” means the arrangement under section 182 of the OBCA on the terms and conditions set forth in the Plan of Arrangement, subject to any amendment or supplement thereto made in accordance made in accordance therewith, herewith, or made at the direction of the Court in the Final Order;
- (j) “**Arrangement Filings**” means the filings, if any, that are required under the OBCA to be made with the Director in order for the Arrangement to be effective;
- (k) “**Arrangement Resolution**” means the Special Resolution of Augustine Shareholders approving the Arrangement attached hereto as Schedule “G”;
- (l) “**Augustine**” means Augustine Ventures Inc., a corporation existing under the laws of the Province of Ontario;
- (m) “**Augustine Board**” means the board of directors of Augustine;
- (n) “**Augustine Consideration**” means the consideration to be received pursuant to the Plan of Arrangement in respect of each Augustine Share that is issued and outstanding immediately prior to the Effective Time, comprising 0.76 of a Red Pine Share for each Augustine Share;
- (o) “**Augustine Disclosure Documents**” means:
  - (i) the unaudited condensed consolidated interim financial statements of Augustine for the three and nine months ended August 31, 2016 and 2015 together with the notes thereto;
  - (ii) management’s discussion and analysis of the financial condition and results of operations of Augustine for the three and nine months ended August 31, 2016, dated October 20, 2016;
  - (iii) the management information circular of Augustine dated June 1, 2015 in connection with the annual meeting of shareholders of Augustine held on July 9, 2015;
  - (iv) the audited annual consolidated financial statements of Augustine for the fiscal years ended November 30, 2015 and 2014 together with the notes thereto and the auditor’s report thereon;
  - (v) the Augustine Technical Report; and
  - (vi) all material change reports filed by Augustine on SEDAR after November 30, 2015;

- (p) “**Augustine Disclosure Letter**” means the letter dated the date hereof delivered by Augustine to Red Pine in the form accepted by Red Pine;
- (q) “**Augustine Information Circular**” means the management information circular (including all appendices attached thereto), notice of meeting and proxy form to be sent by Augustine to Augustine Shareholders soliciting, among other things, the approval of the Arrangement Resolution at the Augustine Meeting;
- (r) “**Augustine Material Contracts**” has the meaning ascribed thereto in section 3.2(gg);
- (s) “**Augustine Meeting**” means the special meeting of Augustine Shareholders, including any adjournment or adjournments or postponement or postponements thereof, to be held for the purpose of obtaining approval of the Augustine Shareholders of the Arrangement Resolution;
- (t) “**Augustine Options**” means the outstanding options to acquire Augustine Shares listed in the Augustine Disclosure Letter;
- (u) “**Augustine Properties**” has the meaning ascribed thereto in section 3.2(w);
- (v) “**Augustine Shareholder Approval**” has the meaning ascribed thereto in section 2.3(c);
- (w) “**Augustine Shareholders**” means holders of Augustine Shares;
- (x) “**Augustine Shares**” means the common shares which Augustine is authorized to issue as presently constituted;
- (y) “**Augustine Stock Option Plan**” means the stock option plan of Augustine as currently in effect;
- (z) “**Augustine Technical Report**” means the report entitled “Independent Technical Report, Wawa Gold Project, Wawa Ontario” prepared for Augustine dated June 30, 2016 and filed on SEDAR June 30, 2016, prepared by Elisabeth Ronacher, PhD, P.Geo. & Jenna McKenzie, P.Geo, Ronacher McKenzie Geoscience and Sébastien Bernier, P.Geo, SRK Consulting (Canada) Inc.;
- (aa) “**Augustine Warrantholders**” means holders of Augustine Warrants;
- (bb) “**Augustine Warrants**” means the warrants to purchase Augustine Shares as more fully described in the Augustine Disclosure Letter;
- (cc) “**Business Day**” means any day which is not a Saturday, Sunday or civic or statutory holiday in Toronto, Ontario;
- (dd) “**Canadian Securities Laws**” means the *Securities Act* (Ontario) and the equivalent legislation in the other provinces and in the territories of Canada, as amended from time to time, the rules, regulations and forms made or promulgated under any such statute and the published national instruments, multilateral instruments, policies, bulletins and notices of the securities commissions and similar regulatory authorities of each of the provinces and territories of Canada and the published rules and policies of the CSE and

the TSX-V as they relate to Augustine and Red Pine, as the case may be;

- (ee) “**Closing Date**” means the Business Day that is two (2) Business Days after the granting of the Final Order or such other date as the Parties may agree;
- (ff) “**contract**” means any contract, agreement, license, franchise, lease, arrangement, commitment, understanding, joint venture, partnership or other right or obligation (written or oral) to which a Party or any of its Subsidiaries is a party or by which it or any of its Subsidiaries is bound or affected or to which any of their respective properties or assets is subject (in each case, including all amendments thereto);
- (gg) “**Court**” means the Ontario Superior Court of Justice (Commercial List);
- (hh) “**CSE**” means the Canadian Securities Exchange;
- (ii) “**Depository**” means TSX Trust Company, or any other trust company, bank or financial institution agreed to in writing between the Parties for the purpose of, among other things, exchanging certificates representing Augustine Shares for the Augustine Consideration in connection with the Arrangement;
- (jj) “**Director**” means the Director of Companies appointed pursuant to section 278 of the OBCA;
- (kk) “**Dissent Rights**” means the rights of dissent of Augustine Shareholders in respect of the Arrangement Resolution described in the Plan of Arrangement;
- (ll) “**Dissenting Augustine Shareholder**” has the meaning ascribed thereto in the Plan of Arrangement;
- (mm) “**Effective Date**” means the date on which the Arrangement becomes effective as provided in the Plan of Arrangement;
- (nn) “**Effective Time**” has the meaning ascribed thereto in the Plan of Arrangement;
- (oo) “**Encumbrance**” means any mortgage, hypothec, pledge, assignment, charge, lien, claim, security interest, adverse interest, other third Person interest or encumbrance of any kind, whether contingent or absolute, and any agreement, option, right or privilege (whether by law, contract or otherwise) capable of becoming any of the foregoing;
- (pp) “**Environmental Approvals**” means all permits, certificates, licences, authorizations, consents, instructions, registrations, directions or approvals issued or required by any Governmental Entity pursuant to any Environmental Law;
- (qq) “**Environmental Laws**” means all Applicable Laws relating to pollution, the protection of the environment or public health and safety including all Environmental Approvals;
- (rr) “**Fairness Opinion**” means the opinion of Mackie Research Capital Corporation to the effect that the Augustine Consideration is fair, from a financial point of view, to the Augustine Shareholders;

- (ss) “**Final Order**” means the final order of the Court in form acceptable to Red Pine and Augustine, each acting reasonably, approving the Arrangement, as such order may be amended by the Court (with the consent of both Red Pine and Augustine, each acting reasonably) at any time prior to the Effective Date or, if appealed, then unless such appeal is withdrawn or denied, as affirmed or as amended (provided that any such amendment is acceptable to both Red Pine and Augustine, each acting reasonably) on appeal;
- (tt) “**Governmental Entity**” means any applicable (i) multinational, federal, provincial, state, regional, municipal, local or other government, governmental or public department, central bank, court, tribunal, arbitral body, commission, board, bureau, agency, domestic or foreign, (ii) any subdivision, agent, commission, board or authority of any of the foregoing, (iii) any quasi-governmental or private body exercising any regulatory, expropriation or taxing authority under or for the account of any of the foregoing, or (iv) any stock exchanges on which the Augustine Shares or the Red Pine Shares are listed, including the CSE and the TSX-V;
- (uu) “**Hazardous Substance**” means any chemical, material or substance in any form, whether solid, liquid, gaseous, semisolid or any combination thereof, whether waste material, raw material, finished product, intermediate product, by-product or any other material or article, that is listed or regulated under any Environmental Laws as a hazardous substance, toxic substance, waste or contaminant or is otherwise listed or regulated under any Environmental Laws because it poses a hazard to human health or the environment, including petroleum products, asbestos, PCBs, urea formaldehyde foam insulation and lead-containing paints or coatings;
- (vv) “**IFRS**” means International Financial Reporting Standards (IFRS);
- (ww) “**Interim Order**” means the interim order of the Court, in a form acceptable to Augustine and Red Pine, each acting reasonably, providing for, among other things, the calling and holding of the Augustine Meeting, as such order may be amended, supplemented or varied by the Court (with the consent of Augustine and Red Pine, each acting reasonably);
- (xx) “**Lock-up Agreements**” means the lock-up and support agreements dated the date hereof and made between Red Pine and the Locked-up Shareholders;
- (yy) “**Locked-up Shareholders**” means the Persons listed in Schedule “F” attached hereto;
- (zz) “**Material Adverse Change**” means, in respect of each of Red Pine and Augustine, any one or more changes, events or occurrences, and “**Material Adverse Effect**” means, in respect of each of Red Pine and Augustine, any state of facts, which, in either case, either individually or in the aggregate, are, or would reasonably be expected to be, material and adverse to the business, operations, results of operations, properties, assets, liabilities or condition (financial or otherwise) of Red Pine on a consolidated basis, or of Augustine on a consolidated basis, respectively, other than any change, effect, event, occurrence or state of fact (a) relating to changes in general economic, financial, banking or securities markets which does not have a materially disproportionate effect on Red Pine on a consolidated basis relative to comparable companies, or on Augustine on a consolidated basis relative to comparable companies, respectively, (b) affecting the mining industry in

general and which does not have a materially disproportionate effect on Red Pine on a consolidated basis relative to comparable companies, or on Augustine on a consolidated basis relative to comparable companies, respectively, (c) resulting from changes in the price of gold, (d) arising directly as a result of generally applicable changes in law, (e) commencement, occurrence or continuation of any war, armed hostilities or acts of terrorism, (f) any actions taken (or omitted to be taken) upon the request of Red Pine or Augustine, with respect to the other party, or pursuant to this Agreement, or (g) relating to this Agreement, the Arrangement and the announcement thereof and in the case of Augustine, relating to the communication by Red Pine of its plans or intentions with respect to Augustine;

- (aaa) “**MI 61-101**” means Multilateral Instrument 61-101 – *Protection of Minority Security Holders in Special Transactions*;
- (bbb) “**Misrepresentation**” has the meaning ascribed thereto in the *Securities Act* (Ontario), as amended;
- (ccc) “**OBCA**” means the *Business Corporations Act* (Ontario), as now enacted and as amended, and the regulations thereto;
- (ddd) “**Party**” means either of Red Pine or Augustine, and “**Parties**” means Red Pine and Augustine, collectively;
- (eee) “**Person**” means any individual, corporation, firm, partnership (including, without limitation, a limited partnership), sole proprietorship, syndicate, joint venture, trustee, trust, unincorporated organization or association, Governmental Entity, tribunal or any other entity or organization whether or not having legal status;
- (fff) “**Plan**” or “**Plan of Arrangement**” means the plan of arrangement to be substantially in the form and content of Schedule “A” attached hereto as amended or varied pursuant to the terms hereof and thereof;
- (ggg) “**Records and Data**” means all books, contracts, documents, technical information and data (in paper or electronic form), maps, surveys, drill core samples and assays owned by Augustine;
- (hhh) “**Red Pine**” means Red Pine Exploration Inc., a corporation existing under the laws of the Province of Ontario;
- (iii) “**Red Pine Board**” means the board of directors of Red Pine;
- (jjj) “**Red Pine Disclosure Documents**” means:
  - (i) the unaudited condensed consolidated interim financial statements of Red Pine for the three and nine month period ended April 30, 2016 and 2015 together with the notes thereto;
  - (ii) management’s discussion and analysis of the financial condition and results of operations of Red Pine for the three and nine month period ended April 30, 2016, dated June 29, 2016;

- (iii) the management information circular of Red Pine dated December 15, 2015 in connection with the annual meeting of shareholders of Red Pine held on January 29, 2016;
  - (iv) the audited annual financial statements of Red Pine for the fiscal years ended July 31, 2015 and 2014, together with the notes thereto and the auditor's report thereon;
  - (v) the Red Pine Technical Report; and
  - (vi) all material change reports filed by Red Pine on SEDAR after July 31, 2015;
- (kkk) “**Red Pine Disclosure Letter**” means the letter dated the date hereof delivered by Red Pine to Augustine in the form accepted by Augustine;
- (lll) “**Red Pine Material Contracts**” has the meaning ascribed thereto in section 3.1(gg);
- (mmm) “**Red Pine Options**” has the meaning ascribed thereto in section 3.1(b);
- (nnn) “**Red Pine Properties**” has the meaning ascribed thereto in section 3.1(w);
- (ooo) “**Red Pine Shares**” means the common shares which Red Pine is authorized to issue as presently constituted;
- (ppp) “**Red Pine Technical Report**” means the report entitled “Independent Technical Report, Wawa Gold Project, Ontario” prepared for Red Pine dated June 5, 2015 and filed on SEDAR June 12, 2015, prepared by Elisabeth Ronacher, PhD, P.Geo. & Jenna McKenzie, P.Geo. of Ronacher McKenzie Geoscience and Sébastien Bernier, P.Geo. of SRK Consulting (Canada) Inc.;
- (qqq) “**Resulting Issuer**” means Red Pine after completion of the Plan of Arrangement;
- (rrr) “**SEC**” means the United States Securities and Exchange Commission;
- (sss) “**Section 3(a)(10) Exemption**” has the meaning ascribed thereto in section 4.7;
- (ttt) “**Securities Authority**” means the appropriate securities commissions or similar securities regulatory authorities in the United States (including the SEC) and in each of the provinces of Canada;
- (uuu) “**SEDAR**” means the System for Electronic Document Analysis and Retrieval described in National Instrument 13-101 of the Canadian Securities Administrators and available for public view at [www.sedar.com](http://www.sedar.com);
- (vvv) “**Special Resolution**” has the meaning ascribed to such term in the OBCA;
- (www) “**Subsidiary**” means, with respect to a specified body corporate, any body corporate of which the specified body corporate is entitled to elect a majority of the directors thereof and shall include any body corporate, partnership, joint venture or other entity over which such specified body corporate exercises direction or control or which is in a like relation

to such a body corporate, excluding any body corporate in respect of which such direction or control is not exercised by the specified body corporate as a result of any existing contract, agreement or commitment;

- (xxx) “**Superior Proposal**” means any unsolicited *bona fide* written Acquisition Proposal that the Augustine Board determines in good faith (based upon the oral or written advice of its financial advisor and after consultation with external legal counsel) (i) is reasonably capable of being completed without undue delay relative to the completion of the Arrangement, taking into account all legal, financial, regulatory and other aspects of such proposal and the Person making such proposal, (ii) is not subject, either by the terms of such Acquisition Proposal or by virtue of any Applicable Law, to any requirement that the approval of the shareholders of the Person making the Acquisition Proposal be obtained, (iii) is not subject to a due diligence condition, (iv) is made for 100% of the Augustine Shares or all or substantially all of the assets of Augustine on a consolidated basis, in either case in compliance with Applicable Securities Laws, (v) is not conditional on obtaining financing, (vi) is made available to all Augustine Shareholders on the same terms and conditions, and (vii) (A) a failure to recommend such Acquisition Proposal to the holders of Augustine Shares would be inconsistent with its fiduciary duties under Applicable Laws, or (B) would or would be reasonably likely to, if completed in accordance with its terms (but not assuming away any risk of non-completion), result in a transaction financially superior to Augustine Shareholders than the Arrangement;
- (yyy) “**Superior Proposal Notice**” has the meaning ascribed to such term in section 4.3(a)(ii);
- (zzz) “**Tax**” and “**Taxes**” means all taxes, assessments, charges, dues, duties, rates, fees imposts, levies and similar charges of any kind lawfully levied, assessed or imposed by any Governmental Entity, including all income taxes (including any tax on or based upon net income, gross income, income as specially defined, earnings, profits or selected items of income, earnings or profits) and all capital taxes, gross receipts taxes, environmental taxes and charges, sales taxes, use taxes, *ad valorem* taxes, value added taxes, subsoil use or extraction taxes and ownership fees, transfer taxes (including, without limitation, taxes relating to the transfer of interests in real property or entities holding interests therein), franchise taxes, licence taxes, withholding taxes, health taxes, payroll taxes, employment taxes, Canada or Quebec Pension Plan premiums, excise, severance, social security, workers' compensation, employment insurance or compensation taxes, mandatory pension and other social fund taxes or premium, stamp taxes, occupation taxes, premium taxes, property taxes, windfall profits taxes, alternative or add-on minimum taxes, goods and services tax, harmonized sales tax, customs duties or other taxes, fees, imports, assessments or charges of any kind whatsoever, and any instalments in respect thereof, together with any interest, fines and any penalties or additional amounts imposed by any Taxing Authority (domestic or foreign) on such entity, and any interest, fines penalties, additional taxes and additions to tax imposed with respect to the foregoing and including any amount in respect of the foregoing as a transferee or successor, guarantor or surety or in a similar capacity under any contract, arrangement, agreement, understanding, or commitment (whether written or oral) or by operation of law and any liability for the payment of any Taxes described herein as a result of being a member of an affiliated, consolidated, combined or unitary group for any period as a result of any Tax sharing or Tax allocation agreement, arrangement or understanding;

- (aaaa) “**Tax Act**” means the *Income Tax Act* (Canada), as amended and the regulations thereunder, as amended;
- (bbbb) “**Tax Return**” means any return, election, declaration, report, notices, filings, forms, claim for refund, information return, statement or other document, whether tangible, electronic or other form, relating to Taxes, including any schedule or attachment thereto, and including any amendment thereof;
- (cccc) “**Taxing Authority**” means any Governmental Entity exercising regulatory authority in respect of any Taxes;
- (dddd) “**Termination Deadline**” means March 6, 2017 or such other date as the Parties may otherwise agree upon in writing;
- (eeee) “**Third Party Beneficiaries**” has the meaning ascribed thereto in section 4.6(a);
- (ffff) “**TSX-V**” means the TSX Venture Exchange;
- (gggg) “**United States**” or “**U.S.**” means the United States of America, its territories and possessions, any State of the United States and the District of Columbia;
- (hhhh) “**United States Securities Laws**” means the 1933 Act, the 1934 Act and the 1940 Act, together with the applicable blue sky or securities legislation in the states of the United States;
- (iiii) “**U.S. Person**” has the meaning ascribed to it in Regulation S of the 1933 Act; and
- (jjjj) “**U.S. Tax Code**” means the United States Internal Revenue Code of 1986.

In addition, words and terms used but not defined herein that are defined in the OBCA shall have the same meaning herein as in the OBCA unless the context otherwise requires.

## **Number and Gender**

- 1.2 In this Agreement, unless the context otherwise requires, words importing the singular include the plural and vice versa and words importing gender include all genders and neuter.

## **Interpretation Not Affected by Headings**

- 1.3 The division of this Agreement into articles, sections, subsections, paragraphs and subparagraphs and the insertion of headings herein are for convenience of reference only and shall not affect in any way the meaning or interpretation of this Agreement. The terms “**this Agreement**”, “**hereof**”, “**herein**”, “**hereto**”, “**hereunder**” and similar expressions refer to this Agreement and the schedules attached hereto and not to any particular article, section or other portion hereof and include any agreement, schedule or instrument supplementary or ancillary hereto or thereto. The word “**including**”, when following a general statement or term, is not to be construed as limiting the general statement or term to any specific item or matter set forth or to similar items or matters, but rather as permitting the general statement or term to refer also to all other items or matters that could reasonably fall within its broadest possible scope.

### **Date of Any Action**

- 1.4 If the date on which any action is required to be taken hereunder by any Party is not a Business Day, that action will be required to be taken on the next succeeding day which is a Business Day.

### **References to Statutes**

- 1.5 A reference to a statute includes all regulations made thereunder, all amendments to the statute or regulations in force from time to time, and every statute or regulation that supplements or supersedes such statute or regulations.

### **References to Persons**

- 1.6 A reference to a Person includes any successor to that Person.

### **Accounting Matters**

- 1.7 Unless otherwise stated, all accounting terms used in this Agreement shall have the meanings attributed thereto under IFRS and all determinations of an accounting nature required to be made shall be made in a manner consistent with IFRS consistently applied.

### **Knowledge**

- 1.8 Each reference herein to the knowledge of Red Pine means, unless otherwise specified, the actual knowledge of the Chief Executive Officer and Chief Financial Officer of Red Pine after reasonable inquiry within Red Pine. Each reference herein to the knowledge of Augustine means, unless otherwise specified, the actual knowledge of the Chief Executive Officer and the Chief Financial Officer of Augustine after reasonable inquiry within Augustine.

### **Currency**

- 1.9 All sums of money referred to in this Agreement shall mean Canadian funds.

### **Disclosure Letters**

- 1.10 Any reference to a matter being disclosed in the Red Pine Disclosure Letter or the Augustine Disclosure Letter shall mean disclosure in such section of the Red Pine Disclosure Letter or the Augustine Disclosure Letter, as applicable, that corresponds to the relevant section of this Agreement.

### **Schedules**

- 1.11 The following are the schedules attached to and incorporated in this Agreement by reference and deemed to be part hereof:

- Schedule A - Plan of Arrangement
- Schedule B - Directors and Officers of Red Pine
- Schedule C - Red Pine Properties
- Schedule D - Directors and Officers of Augustine

- Schedule E - Augustine Properties
- Schedule F - Locked-Up Shareholders
- Schedule G - Arrangement Resolution
- Schedule H - Directors and Officers of the Resulting Issuer

## **ARTICLE 2 THE ARRANGEMENT**

### **Arrangement**

- 2.1 The Parties agree that the Arrangement will be implemented in accordance with and subject to the terms and conditions contained in this Agreement and the Plan of Arrangement. The board of directors and the executive officers of the Resulting Issuer shall be comprised initially of the persons set out in Schedule “H” as of the Effective Time.

### **Effective Date**

- 2.2 The Arrangement shall become effective at the Effective Time on the Effective Date.

### **Interim Order**

- 2.3 As soon as is reasonably practicable after the date of execution of this Agreement, Augustine shall file, proceed with and diligently prosecute an application to the Court for the Interim Order, on terms and conditions acceptable to Red Pine and Augustine, each acting reasonably, which application shall request that the Interim Order provide, among other things:
- (a) for the class of Persons to whom notice is to be provided in respect of the Arrangement and for the Augustine Meeting and for the manner in which such notice is to be provided;
  - (b) that the Augustine Information Circular be prepared and distributed to the Augustine Shareholders in accordance with Applicable Securities Laws no later than twenty one (21) days prior to the date of the Augustine Meeting;
  - (c) that the requisite approval of the Arrangement Resolution to be placed before the Augustine Meeting shall be (i) at least 66 2/3% of the votes cast, in person or by proxy, on the Arrangement Resolution by Augustine Shareholders at the Augustine Meeting voting as a single class, with each Augustine Shareholder entitled to one vote for each Augustine Share held by such holder, and (ii) if required by MI 61-101, minority approval in accordance with MI 61-101 or as modified by the Interim Order (the “**Augustine Shareholder Approval**”);
  - (d) for the grant of Dissent Rights as contemplated in the Plan of Arrangement;
  - (e) that, in all other respects, the terms, restrictions and conditions of the articles and by-laws of Augustine, including the quorum requirement and other matters, shall apply in respect of the Augustine Meeting;

- (f) for notice requirements with respect to the presentation of the application to the Court for the Final Order;
- (g) that the Augustine Meeting may be adjourned or postponed from time to time by management of Augustine without the need for any additional approval of the Court;
- (h) that it is Red Pine's intention to rely upon the exemption from registration provided by section 3(a)(10) of the U.S. Securities Act with respect to the issuance of the Augustine Consideration pursuant to the Arrangement, based on the Court's approval of the Arrangement;
- (i) confirmation of the record date for the purpose of determining Augustine Shareholders entitled to receive notice of, and to vote at, the Augustine Meeting, in accordance with the Interim Order;
- (j) that the record date for Augustine Shareholders entitled to notice of and to vote at the Augustine Meeting shall not change in respect of any adjournment(s) or postponement(s) of the Augustine Meeting or any other change;
- (k) for the notice requirements with respect to the presentation of the application to the Court for the Final Order; and
- (l) for such other matters as Red Pine may reasonably require in connection with the Arrangement.

#### **Augustine Meeting and Augustine Information Circular**

##### **2.4 Subject to the terms and conditions of this Agreement:**

- (a) Augustine agrees to convene and conduct the Augustine Meeting in accordance with the Interim Order, Augustine's articles and by-laws and Applicable Laws, by February 28, 2017 or as soon as reasonably practicable thereafter. Augustine agrees that it shall, in consultation with Red Pine, fix and publish a record date for the purposes of determining the Augustine Shareholders and other classes of Persons entitled to receive notice of and vote at the Augustine Meeting in accordance with the Interim Order;
- (b) except as required for quorum purposes, by Applicable Laws or by valid Augustine Shareholder action or as otherwise permitted under this Agreement, including without limitation pursuant to section 4.2, section 4.4 or section 5.5, Augustine shall not adjourn, postpone or cancel, or propose or permit the adjournment, postponement or cancellation of, the Augustine Meeting without Red Pine's prior written consent;
- (c) in a timely and expeditious manner, Augustine shall prepare the Augustine Information Circular and shall give Red Pine and its legal counsel reasonable opportunity to review and comment on the Augustine Information Circular prior to the Augustine Information Circular being printed, sent or delivered to Augustine Shareholders or filed with any Governmental Entity, and reasonable consideration shall be given to any comments made by Red Pine and its legal counsel, provided that all information relating solely to Red Pine, its Affiliates and the Red Pine Shares included in the Augustine Information Circular shall be in form and content satisfactory to Red Pine, acting reasonably on a

timely basis and in accordance with Applicable Laws. Subject to the terms of this Agreement, Red Pine will cooperate with and assist Augustine in preparing the Augustine Information Circular, including by providing Augustine on a timely basis any information reasonably required to be supplied by Red Pine in connection therewith which shall constitute full, true and plain disclosure of such information concerning Red Pine and shall ensure that such information does not contain any Misrepresentations. Augustine shall provide Red Pine with final copies of the Augustine Information Circular prior to the mailing thereof to the Augustine Shareholders. Augustine and Red Pine shall each promptly notify the other if at any time before the Effective Date either of them becomes aware that the Augustine Information Circular contains a Misrepresentation, or an amendment or supplement to the Augustine Information Circular is otherwise required. In a timely and expeditious manner, Augustine shall prepare, in consultation with Red Pine and its legal counsel, and file any mutually agreed (or as otherwise required by Applicable Laws) amendments or supplements to the Augustine Information Circular (which amendments or supplements shall be in a form satisfactory to Red Pine, acting reasonably) and mail such amendments or supplements, as required by the Interim Order and in accordance with all Applicable Laws, in and to all jurisdictions where such amendments or supplements are required to be mailed, complying in all material respects with all Applicable Laws in effect on the date of the mailing thereof. A copy of the notice of motion for the approval of the Final Order shall be included in the Augustine Information Circular;

- (d) in a timely and expeditious manner, Augustine shall (A) take all commercially reasonable lawful action to solicit proxies in favour of the Arrangement Resolution including, without limitation, if requested by Red Pine, retaining a proxy solicitation agent at Red Pine's cost, provided such cost is pre-approved by Red Pine, to solicit proxies in favour of the Arrangement Resolution, (B) recommend to holders of Augustine Shares that they vote in favour of the Arrangement Resolution, and (C) not withdraw, modify, qualify or change in a manner adverse to Red Pine, or publicly state that it intends to withdraw, modify, qualify or change in a manner adverse to Red Pine, such recommendation, except, in each case, as expressly permitted by this Agreement;
- (e) in a timely and expeditious manner, Augustine shall provide notice to Red Pine of the Augustine Meeting and allow representatives of Red Pine to attend the Augustine Meeting;
- (f) Augustine shall use its commercially reasonable efforts to advise Red Pine, at least on a daily basis, if requested by Red Pine, on each of the fifteen (15) Business Days prior to the date of the Augustine Meeting, as to the aggregate tally of the proxies received by Augustine in respect of the Arrangement Resolution, or at such other times or such other intervals as Red Pine may reasonably request; and
- (g) Augustine shall provide Red Pine with a copy of any purported exercise of the Dissent Rights and written communications with any Augustine Shareholder purportedly exercising such Dissent Rights, including any withdrawal of Dissent Rights, and shall not settle or compromise any action brought by any present, former or purported holder of any Augustine securities in connection with the Arrangement without the prior consent of Red Pine.

## **Final Order**

- 2.5 Subject to the approval of the Arrangement Resolution in accordance with the provisions of the Interim Order, Augustine shall forthwith take all actions necessary or desirable to submit the Arrangement to the Court and to apply to the Court for the Final Order in form and substance satisfactory to Red Pine, including forthwith filing, proceeding with and diligently prosecuting an application for the Final Order (and in any event within five (5) Business Days after such approval of the Arrangement Resolution) which application shall be in form and substance satisfactory to the Parties, acting reasonably.

## **Court Proceedings**

- 2.6 Subject to the terms of this Agreement, Red Pine will cooperate with and assist Augustine in seeking the Interim Order and the Final Order, including by providing Augustine on a timely basis any information reasonably required to be supplied by Red Pine in connection therewith. Augustine will provide legal counsel to Red Pine with reasonable opportunity to review and comment upon drafts of all material to be filed with the Court in connection with the Arrangement, and will give reasonable consideration to all such comments. Subject to Applicable Laws, Augustine will not file any material with the Court in connection with the Arrangement or serve any such material, and will not agree to modify or amend materials so filed or served, except as contemplated by this section 2.6 or with Red Pine's prior written consent, such consent not to be unreasonably withheld, conditioned or delayed; provided that nothing herein shall require Red Pine to agree or consent to any increase in the Augustine Consideration or other modification or amendment to such filed or served materials that expands or increases Red Pine's obligations set forth in any such filed or served materials or under this Agreement or the Arrangement. Augustine shall also provide to Red Pine's legal counsel on a timely basis copies of any notice of appearance or other Court documents served on Augustine in respect of the application for the Interim Order or the Final Order or any appeal therefrom and of any notice, whether written or oral, received by Augustine indicating any intention to oppose the granting of the Interim Order or the Final Order or to appeal the Interim Order or the Final Order. Augustine will ensure that all materials filed with the Court in connection with the Arrangement are consistent in all material respects with the terms of this Arrangement Agreement and the Plan of Arrangement. In addition, Augustine will not object to legal counsel to Red Pine making such submissions on the hearing of the motion for the Interim Order and the application for the Final Order as such counsel considers appropriate. Augustine will also oppose any proposal from any party that the Final Order contain any provision inconsistent with this Arrangement Agreement (at Red Pine's cost), provided that such submissions are consistent with this Agreement and Augustine's obligations in section 2.6 and provided further that Augustine and its legal counsel are advised of the nature of any such submissions prior to the hearing. If at any time after the issuance of the Final Order and prior to the Effective Date, Augustine is required by the terms of the Final Order or by Applicable Laws to return to Court with respect to the Final Order, it shall do so after notice to, and in consultation and cooperation with, Red Pine, acting reasonably.

## **Closing**

- 2.7 Unless this Agreement is terminated pursuant to the provisions hereof, the Parties shall meet at the offices of Wildeboer Dellelce LLP, Wildeboer Dellelce Place, 365 Bay Street, Suite 800, Toronto, Ontario, at 8:00 a.m., Toronto time, on the Closing Date or at such other time or on such other date as they may mutually agree upon and each of them shall deliver to the other Party:

- (a) the documents required or contemplated to be delivered by it hereunder in order to complete, or necessary or reasonably requested to be delivered by it in order to effect, the Arrangement and the other transactions contemplated herein, provided that each such document required to be dated the Effective Date shall be dated as of, or become effective on, the Effective Date and shall be held in escrow to be released upon the Arrangement becoming effective; and
- (b) written confirmation as to the satisfaction or waiver of all of the conditions in its favour contained in Article 5.

### **Arrangement Filings**

- 2.8 If necessary to make the Arrangement effective, Augustine shall make the Arrangement Filings. The Arrangement Filings shall include the form of Plan of Arrangement attached to this Agreement as Schedule “A”, as it may be amended from time to time as agreed by the Parties, acting reasonably, provided that no such amendment is inconsistent with the Interim Order, the Final Order or this Agreement or is prejudicial to the Augustine Shareholders.

### **Deposit of Consideration**

- 2.9 If necessary to make the Arrangement effective and upon request by Augustine, Red Pine will, following receipt by Augustine of the Final Order, and prior to the filing by Augustine of the articles of arrangement, deposit in escrow with the Depositary sufficient Red Pine Shares to satisfy the aggregate Augustine Consideration payable pursuant to the Plan of Arrangement (other than payments to Augustine Shareholders exercising Dissent Rights and who have not withdrawn their notice of objection).

### **Withholding Rights**

- 2.10 Red Pine, Augustine and the Depositary shall be entitled to deduct and withhold from any consideration payable or otherwise deliverable to any person hereunder and from all dividends or other distributions otherwise payable to any Augustine Shareholder such amounts as Red Pine, Augustine or the Depositary is required or permitted to deduct and withhold with respect to such payment under the Tax Act, the U.S. Tax Code or any provision of any applicable federal, provincial, state, local or foreign tax law, in each case, as amended. To the extent that amounts are so withheld, such withheld amounts shall be treated for all purposes hereof as having been paid to the Augustine Shareholder in respect of which such deduction and withholding was made, provided that such withheld amounts are actually remitted to the appropriate Taxing Authority.

### **Augustine Options**

- 2.11 Each Augustine Option outstanding as of the date of this Agreement, whether vested or not, may be exercised at any time prior to the Effective Date. On the Effective Date, all outstanding Augustine Options shall be terminated and of no further force or effect. No further Augustine Options shall be issued from and after the date of this Agreement.

### **Augustine Warrants**

- 2.12 Pursuant to the Arrangement, the Augustine Warrants will remain outstanding in accordance with their terms, which terms provide that the holders thereof will receive, upon the exercise thereof,

in lieu of each Augustine Share to which such holder was theretofore entitled upon such exercise or conversion but for the same aggregate consideration payable therefor, the Augustine Consideration.

### ARTICLE 3 REPRESENTATIONS AND WARRANTIES

#### Representations and Warranties of Red Pine

3.1 Red Pine hereby represents and warrants to Augustine as follows as of the date hereof and acknowledges that Augustine is relying upon these representations and warranties in connection with the Arrangement and the other transactions contemplated herein and in entering into this Agreement:

- (a) **Organization of Red Pine.** Red Pine has been incorporated, is subsisting and has full corporate and legal power and authority to own its property and assets and to conduct its business as currently owned and conducted. Red Pine is registered, licensed or otherwise qualified as an extra-provincial corporation or a foreign corporation in each jurisdiction where the nature of the business or the location or character of the property and assets owned or leased by it requires it to be so registered, licensed or otherwise qualified, other than those jurisdictions where the failure to be so registered, licensed or otherwise qualified would not have a Material Adverse Effect on Red Pine.
- (b) **Capitalization.** Red Pine is authorized to issue an unlimited number of common shares. As of the date of this Agreement, there are outstanding (i) 105,324,943 Red Pine Shares, (ii) 5,676,000 Red Pine Shares reserved for issuance pursuant to outstanding options to acquire Red Pine Shares (“**Red Pine Options**”) and (iii) 35,681,301 Red Pine Shares reserved for issue pursuant to outstanding warrants to acquire Red Pine Shares. All outstanding Red Pine Shares have been authorized and are validly issued and outstanding as fully paid and non-assessable shares, free of pre-emptive rights. Other than as set forth in this section 3.1(b), there are no options, warrants, conversion privileges or other rights, agreements, arrangements or commitments (pre-emptive, contingent or otherwise) obligating Red Pine to issue or sell any shares of Red Pine or any securities or obligations of any kind convertible into or exchangeable or exercisable for any shares of Red Pine. As of the date hereof, there are no outstanding bonds, debentures or other evidences of indebtedness of Red Pine having the right to vote with the shareholders of Red Pine on any matter. There are no outstanding contractual obligations of Red Pine to repurchase, redeem or otherwise acquire any outstanding Red Pine Shares or with respect to the voting or disposition of any outstanding Red Pine Shares.
- (c) **Authority.** Red Pine has all necessary power, authority and capacity to enter into this Agreement and all other agreements and instruments to be executed by Red Pine as contemplated by this Agreement, and to perform its obligations hereunder and under such other agreements and instruments. The execution and delivery of this Agreement by Red Pine and the completion by Red Pine of the transactions contemplated by this Agreement have been authorized by the Red Pine Board and no other corporate proceedings on the part of Red Pine are necessary to authorize this Agreement or to complete the transactions contemplated hereby. This Agreement has been executed and delivered by Red Pine and constitutes a legal, valid and binding obligation of Red Pine, enforceable against Red Pine in accordance with its terms, subject to bankruptcy, insolvency,

reorganization, fraudulent transfer, moratorium and other Applicable Laws relating to or affecting creditors' rights generally and to general principles of equity.

- (d) **Red Pine Board Matters.** The Red Pine Board has:
  - (i) approved the Arrangement and the other transactions contemplated herein and authorized the entering into of this Agreement, the execution hereof, and the performance of its provisions by Red Pine; and
  - (ii) determined that the Arrangement is fair to the Red Pine Shareholders and that the Arrangement is in the best interests of Red Pine.
- (e) **Shareholder Approval.** No vote or approval of the holders of Red Pine Shares or the holder of any other securities of Red Pine is necessary to approve this Agreement or the Arrangement.
- (f) **No Conflict or Violation.** Subject to receipt of the approvals set out in section 3.1(h), the execution and delivery of this Agreement and the completion of the Arrangement and the other transactions contemplated herein do not and will not:
  - (i) result in a violation, contravention or breach of, require any consent to be obtained under or give rise to the right to receive any extraordinary or accelerated payment or any termination rights under any provision of:
    - A. the articles and bylaws or equivalent of Red Pine,
    - B. any Applicable Laws, or
    - C. any contract, agreement, license or permit to which Red Pine is bound or is subject to or of which Red Pine is the beneficiary,that would, individually or in the aggregate, have a Material Adverse Effect on Red Pine;
  - (ii) give rise to any right of termination or acceleration of indebtedness, or cause any indebtedness owing by Red Pine to come due before its stated maturity or cause any available credit to cease to be available which would, individually or in the aggregate, have a Material Adverse Effect on Red Pine;
  - (iii) entitle any "related party" (as such term is defined in MI 61-101) of Red Pine to receive, directly or indirectly, any "collateral benefit" (as such term is defined in MI 61-101);
  - (iv) result in the imposition of any Encumbrance upon any of the property or assets of Red Pine or restrict, hinder, impair or limit the ability of Red Pine to conduct the business of Red Pine as and where it is now being conducted which would, individually or in the aggregate, have a Material Adverse Effect on Red Pine; or
  - (v) result in any payment (including severance, unemployment compensation, "golden parachute", bonus or otherwise) becoming due to any director, officer or

employee of Red Pine (whether automatically or solely upon further action on the part of such director, officer or employee) or increase any benefits otherwise payable under any pension or benefits plan of Red Pine or result in the acceleration of the time of payment or vesting of any such benefits.

- (g) **No Contracts or Commitments.** There are no agreements, covenants, undertakings or other commitments of or on behalf of Red Pine under which the completion of the Arrangement or other transactions contemplated herein would:
  - (i) have the effect of imposing restrictions or obligations on Red Pine;
  - (ii) give a third party a right of first refusal under or right to terminate any contract to which Red Pine is a party or to which any agent or consultant acting on behalf of any of the foregoing, is a party; or
  - (iii) impose restrictions on the ability of Red Pine to pay any dividends or make other distributions to its shareholders.
- (h) **Consents.** No consent, approval, order or authorization of, or declaration or filing with, any Governmental Entity or other Person is required to be obtained or made by Red Pine in connection with the execution and delivery of this Agreement or the completion of the Arrangement and the other transactions contemplated herein other than:
  - (i) any approvals required by the Interim Order or the Final Order;
  - (ii) the approval of the TSX-V to list the Red Pine Shares issuable to Augustine Shareholders pursuant to the Plan of Arrangement or issuable upon the exercise or conversion of the Augustine Warrants (or other Red Pine securities issued in exchange therefor) and any filings or approvals required under the OBCA or under Applicable Securities Laws; and
  - (iii) any other consents, approvals, orders, authorizations, declarations or filings of or with a Governmental Entity which, if not obtained, either individually or in the aggregate would not, and either individually or in the aggregate, could not reasonably be expected to have a Material Adverse Effect on Red Pine or a material impact on the ability of Red Pine to complete the Arrangement or any other transactions contemplated herein.
- (i) **Red Pine Shares.** The Red Pine Shares to be issued to Augustine Shareholders pursuant to the Plan of Arrangement will, upon issue, be issued as fully paid and non-assessable shares of Red Pine and in compliance with or exempt from applicable prospectus requirements under Canadian Securities Laws, and the first trade of such Red Pine Shares after the Effective Time will be exempt from such prospectus requirements provided that the trade is not a “control distribution” (as defined in section 1.1 of National Instrument 45-102), no unusual effort is made to prepare the market or to create a demand for such Red Pine Shares that are subject to the trade, and if an Augustine Shareholder is an insider or officer of Red Pine he has no reasonable grounds to believe that Red Pine is in default of securities legislation.

- (j) **Listing and Reporting Issuer Status.** The outstanding Red Pine Shares are listed on the TSX-V, and Red Pine does not have any other class of securities listed on the TSX-V nor has it listed any of its outstanding securities on any other stock exchange. Red Pine is a reporting issuer in each of the provinces of British Columbia, Alberta, Manitoba, Ontario and Quebec and is not a reporting issuer in any other Canadian jurisdiction or the equivalent of a reporting issuer in any foreign jurisdiction. Neither Red Pine nor any of its directors, officers or promoters is subject to any cease trade or other order under Applicable Securities Laws and, to the knowledge of Red Pine, no investigation or other proceedings involving Red Pine or any of its directors, officers or promoters which may operate to prevent or restrict trading of any securities of Red Pine are currently in progress or pending before any stock exchange or under Applicable Securities Laws.
- (k) **Red Pine Disclosure Documents.** Red Pine is current with all filings required to be made by it under Applicable Securities Laws. The information and statements contained in the Red Pine Disclosure Documents at the respective dates of such information and statements (i) did not contain a Misrepresentation, and (ii) complied with Applicable Securities Laws. Red Pine has not filed any confidential material change, confidential treatment requests or other report or other document with any Securities Authority or stock exchange which at the date hereof remains confidential.
- (l) **Absence of Certain Changes or Events.** Other than as disclosed in the Red Pine Disclosure Documents, since July 31, 2015:
- (i) Red Pine has conducted its business only in the ordinary and regular course of business consistent with past practice;
  - (ii) Red Pine has not incurred or suffered a Material Adverse Change and there has not been any event, circumstance or occurrence which has had or is reasonably likely to give rise to a Material Adverse Change;
  - (iii) other than ongoing negotiations in the ordinary and regular course of business consistent with past practice, there has not been any acquisition or sale by Red Pine of any interest in any material property or assets;
  - (iv) there has not been any incurrence, assumption or guarantee by Red Pine of any debt for borrowed money, any creation or assumption by Red Pine of any Encumbrance, any making by Red Pine of any loan, advance or capital contribution to, or investment in, any other Person;
  - (v) Red Pine has not effected any material change in its accounting methods, principles or practices;
  - (vi) Red Pine has not declared or paid any dividends or made any other distributions on any of the Red Pine Shares;
  - (vii) Red Pine has not effected or passed any resolution to approve a split, consolidation or reclassification of any of the outstanding Red Pine Shares;
  - (viii) other than in the ordinary and regular course of business consistent with past practice, there has not been any material increase in or modification of the

compensation payable to or to become payable by Red Pine to any of its directors, officers, employees or consultants or any grant to any such director, officer, employee or consultant of any increase in severance or termination pay or any increase or modification of any bonus, pension, insurance or benefit arrangement (including, without limitation, the granting of Red Pine Options pursuant to Red Pine's stock option plan) to, for or with any of such directors, officers, employees or consultants; and

- (ix) Red Pine has not adopted, or materially amended, any material contract, collective bargaining agreement, bonus, pension, profit sharing, stock purchase, stock option or other benefit plan.
  
- (m) **Financial Statements.** The financial statements of Red Pine forming part of the Red Pine Disclosure Documents have been prepared in accordance with IFRS consistently applied and fairly present in all material respects the consolidated financial condition of Red Pine at the respective dates indicated therein and the results of operations of Red Pine for the periods covered therein on a consolidated basis. Other than as disclosed in the Red Pine Disclosure Letter, Red Pine does not have any liability or obligation (including, without limitation, liabilities or obligations to fund any operations or work or exploration programs, or to give any guarantees), whether accrued, absolute, contingent or otherwise, not reflected in the unaudited condensed consolidated interim financial statements of Red Pine and the notes thereto for the nine months ended April 30, 2016, except liabilities and obligations incurred in the ordinary and regular course of business consistent with past practice. There are reasonable grounds for believing that (i) Red Pine is able to pay its liabilities as they become due and (ii) the realizable value of the property and assets of Red Pine are not less than the aggregate of the liabilities thereof and the stated capital of all classes of shares thereof.
  
- (n) **Compliance with Laws.** Red Pine has complied with, and its operations have been conducted in accordance with, all Applicable Laws, orders, judgments and decrees other than any non-compliance which would, individually or in the aggregate, not have a Material Adverse Effect on Red Pine. Without limiting the generality of the foregoing, all outstanding securities of Red Pine (including the Red Pine Shares, the Red Pine Options and warrants exercisable to acquire Red Pine Shares) have been issued in compliance with all Applicable Securities Laws and all securities of Red Pine to be issued upon exercise of any Red Pine Options or outstanding warrants exercisable to acquire Red Pine Shares prior to the Effective Time will be issued in compliance with all Applicable Securities Laws.
  
- (o) **Litigation.** There are no claims, actions, suits, proceedings or investigations commenced or, to the knowledge of Red Pine, threatened or contemplated against or affecting Red Pine or affecting any of its properties or assets before any Governmental Entity or before or by any Person or before any arbitrator of any kind which, individually or in the aggregate, would prevent or hinder the consummation of the Arrangement or other transactions contemplated herein or which, individually or in the aggregate, involve the possibility of any judgement or liability which could be reasonably expected to have a Material Adverse Effect on Red Pine.

- (p) **No Insolvency.** Red Pine is not insolvent within the meaning of applicable bankruptcy, insolvency or fraudulent conveyance laws. No act or proceeding has been taken or, to the knowledge of Red Pine, is threatened by or against Red Pine in connection with the dissolution, liquidation, winding up, bankruptcy or reorganization of Red Pine or the appointment of a trustee, receiver, manager or other administrator of Red Pine or any of its properties or assets. Red Pine has not sought protection under the *Bankruptcy and Insolvency Act* (Canada) or the *Companies' Creditors Arrangement Act* (Canada) or any similar legislation in the home jurisdiction of such entity.
- (q) **Books and Records.** The corporate records and minute books of Red Pine have been maintained in accordance with all Applicable Laws and are complete and accurate in all material respects. Financial books and records and accounts of Red Pine (i) have been maintained in accordance with good business practices on a basis consistent with prior years and past practice, (ii) are stated in reasonable detail and accurately and fairly reflect the transactions and acquisitions and dispositions of property or assets of Red Pine, and (iii) accurately and fairly reflect the basis for the financial statements of Red Pine, in each case in all material respects. Red Pine has devised and maintains a system of internal accounting controls sufficient to provide reasonable assurances that, in all material respects (A) transactions are executed in accordance with the general or specific authorization of the management of Red Pine, (B) transactions are recorded as necessary to permit preparation of financial statements in conformity with IFRS or any criteria applicable to such financial statements and to maintain accountability for assets and liabilities, (C) access to assets of Red Pine is permitted only in accordance with the general or specific authorization of management of Red Pine and (D) the recorded accountability for assets of Red Pine (other than in respect of fixed assets) is compared with the existing assets of Red Pine at reasonable intervals and appropriate action is taken with respect to any differences therein.
- (r) **Directors and Officers.** All of the directors and officers of Red Pine are listed in Schedule "B" attached hereto.
- (s) **No Expropriation.** No part of the property or assets of Red Pine has been taken, condemned or expropriated by any Governmental Entity nor has any written notice or proceeding in respect thereof been given or commenced. To the knowledge of Red Pine, no Governmental Entity has any intent or proposal to give such notice or commence any such proceedings.
- (t) **Tax Matters.**
- (i) All Tax Returns required by Applicable Laws to be filed with or provided to any Taxing Authority by, or on behalf of, Red Pine have been filed when due in accordance with all Applicable Laws, and all such Tax Returns are true and complete in all material respects. Red Pine has timely paid, collected, withheld or remitted all Taxes due and payable by it including all instalments on account of Taxes for the current year that are due and payable by it whether or not assessed (or reassessed) by the appropriate Taxing Authority. The most recent financial statements for Red Pine reflect an adequate reserve, in accordance with IFRS, for all material amounts of Taxes which are not yet due and payable in respect of periods ending on or prior to the date of such financial statements. Since the date of such financial statements, no material liability in respect of Taxes not reflected

in such statements or otherwise provided for has been assessed, proposed to be assessed, incurred or accrued, other than in the ordinary course of business. No deficiencies for any Taxes have been assessed or asserted in writing against Red Pine. There are no liens for Taxes that have not been paid upon any of the assets or properties of Red Pine.

- (ii) All Taxes, local improvements, utilities and any and all other payments to or assessments of any Taxing Authority or Governmental Entity having jurisdiction in respect of the Red Pine Properties have been paid or made by Red Pine in respect of the Red Pine Properties.
- (iii) Red Pine has duly and timely deducted, collected or withheld from any amount paid or credited by it to or for the account or benefit of any person and has duly and timely remitted the same (or is properly holding for such remittance) to the appropriate Taxing Authority all Taxes it is required by Applicable Laws to so deduct or collect and remit. Red Pine has remitted all Taxes payable by it in respect of its employees, agents and consultants, as applicable (including but not limited to Canada Pension Plan contributions and employment insurance premiums), and has remitted such amounts to the proper Taxing Authority within the time required under Applicable Laws. Red Pine has charged, collected and remitted on a timely basis all Taxes required under Applicable Laws on any sale, supply or delivery whatsoever, made by it.
- (iv) Except as disclosed in the Red Pine Disclosure Letter, there is no dispute or claim, including any audit, investigation, examination or proposed adjustment by any Taxing Authority, actual, pending or, to the knowledge of Red Pine, threatened against Red Pine with respect to Taxes.
- (v) Red Pine has not consented to extend the time, or is the beneficiary of any extension of time, in which any Tax Return is to be filed or Tax is to be paid or remitted or in which any Tax may be assessed or collected by any Taxing Authority.
- (vi) No claim has ever been made by any Taxing Authority in a jurisdiction where Red Pine does not file Tax Returns that Red Pine is or may be subject to Taxes or is required to file Tax Returns in that jurisdiction.
- (vii) To the knowledge of Red Pine, Red Pine has not acquired property from a non-arm's length person for consideration, the value of which is less than the fair market value of the property in circumstances which could subject it to a liability under section 160 of the Tax Act or comparable provisions of any other Tax laws.
- (viii) To the knowledge of Red Pine, there are no circumstances existing which could reasonably be expected to result in an assessment of Red Pine on the basis of sections 78 or 80 to 80.04 of the Tax Act or provisions of any other Tax laws.
- (ix) Red Pine has provided Augustine with true, correct and complete copies of the Tax Returns listed in the Red Pine Disclosure Letter.

- (x) Red Pine is not a party to any Tax indemnification or Tax sharing agreement or similar arrangement.
- (u) **Employment Agreements.**
  - (i) Except as disclosed in the Red Pine Disclosure Letter, Red Pine is not a party to any written or oral policy, agreement, obligation, arrangement or understanding providing for severance or termination payments to, or any employment or comparable agreement with, any consultant, director or officer of Red Pine which cannot be terminated without payment upon a maximum of 6 months' notice.
  - (ii) Except as disclosed in the Red Pine Disclosure Letter, Red Pine does not have any employee or consultant whose employment or contract with Red Pine cannot be terminated without payment upon a maximum of 6 months' notice.
  - (iii) Red Pine (a) is not a party to any collective bargaining agreement, (b) is not, to the knowledge of Red Pine, subject to any application for certificate or threatened or apparent union-organizing campaigns for employees not covered under a collective bargaining agreement, and (c) is not subject to any current, or to the knowledge of Red Pine, pending or threatened strike or lockout.
- (v) **Property Agreements.** All of the agreements and other documents and instruments pursuant to which Red Pine holds its real properties and material assets (including any interest in, or right to earn an interest in, any properties and material assets) are valid and subsisting agreements, documents or instruments in full force and effect, enforceable in accordance with their terms. True and complete copies of all such documents have been provided to Augustine. Red Pine is not in default of any of the material provisions of any such agreements, documents or instruments nor has any such default been alleged; such properties and assets are in good standing under Applicable Laws; and all payments, rentals, rates, assessments, renewal fees and other governmental charges required to be paid with respect to such properties and assets to the date hereof have been paid.
- (w) **Mineral Rights.** Red Pine holds either freehold title, mining leases, mining claims or other conventional property, proprietary or contractual interests or rights, recognized in the jurisdiction in which a particular property is located in such percentages as described in Schedule "C" attached hereto (collectively, the "**Red Pine Properties**"), in respect of the ore bodies and minerals located in properties in which Red Pine has an interest under valid, subsisting and enforceable title documents or other recognized and enforceable agreements or instruments, sufficient to permit Red Pine to explore the minerals relating thereto, with good and marketable title thereto, free and clear of any title defect or Encumbrances; all such property, leases or claims and all property, leases or claims in which Red Pine has any interest or right have been validly located and recorded in accordance with all Applicable Laws and are valid and subsisting; Red Pine has all necessary surface rights, access rights and other necessary rights and interests relating to the properties in which it has an interest granting Red Pine the right and ability to explore for minerals, ore and metals for development purposes as are appropriate in view of its rights and interest therein, with only such exceptions as do not materially interfere with the use made by Red Pine of the rights or interests so held and each of the proprietary interests or rights; and each of the documents, agreements and instruments and obligations relating thereto referred to above is currently in good standing in the name of

Red Pine. Red Pine has not received any notice, whether written or oral, from any Governmental Entity of any revocation or intention to revoke any interest of Red Pine in any of the Red Pine Properties.

- (x) **No Option on Assets.** No Person has any agreement or option or any right or privilege capable of becoming an agreement or option for the purchase from Red Pine of any of the material assets of Red Pine; and none of the properties (or any interest in, or right to earn an interest in, any property) of Red Pine is subject to any right of first refusal, back-in rights, or purchase or other similar acquisition right.
- (y) **Full Disclosure.** Red Pine has made available to Augustine all material information, including financial, operational and other information, in respect of the Red Pine Properties. Red Pine has delivered to Augustine, or provided Augustine with access to, all Records and Data in its possession or under its control relating to the Red Pine Properties and their respective mineral potentials and relating to access rights to the Red Pine Properties.
- (z) **Technical Reports.** The Red Pine Technical Report was prepared in accordance with, and is in material compliance with, the requirements set out in National Instrument 43-101 of the Canadian Securities Administrators, and there has been no material change to the information contained in the Red Pine Technical Report since its date of filing not disclosed in the Red Pine Disclosure Documents.
- (aa) **Mineral Resources.** The mineral resources for the Red Pine Properties, as set forth in the Red Pine Disclosure Documents, were prepared in all material respects in accordance with sound mining, engineering, geoscience and other applicable industry standards and practices, and in all material respects in accordance with all Applicable Laws, including the requirements of National Instrument 43-101 of the Canadian Securities Administrators. There has been no material reduction in the aggregate amount of estimated mineral resources or mineralized material of Red Pine from the amounts set forth in the Red Pine Disclosure Documents. All information regarding the Red Pine Properties and the mineral rights, including all drill results, technical reports and studies, that are required to be disclosed by Applicable Laws, have been disclosed in the Red Pine Disclosure Documents or as otherwise required by Applicable Laws on or before the date hereof.
- (bb) **Environmental.**
  - (i) All facilities and operations of Red Pine have been conducted, and are now, in compliance with all Environmental Laws.
  - (ii) None of the Red Pine Properties have been used to generate, manufacture, refine, treat, recycle, transport, store, handle, dispose, transfer, produce or process Hazardous Substances, except in compliance with all Environmental Laws; Red Pine has not caused or permitted the release of any Hazardous Substances at, in, on, under or from any of the Red Pine Properties, except in compliance with all Environmental Laws; all Hazardous Substances handled, recycled, disposed of, treated or stored on or off site of the Red Pine Properties have been handled, recycled, disposed of, treated and stored in compliance with all Environmental Laws and there are no Hazardous Substances at, in, on, under or migrating from

any of the Red Pine Properties except in compliance with all Environmental Laws.

- (iii) Red Pine is in possession of, and in compliance with, all Environmental Approvals that are required to own, lease and operate the Red Pine Properties and to conduct its businesses as it is now being conducted.
  - (iv) No environmental, reclamation or closure obligation, demand, notice, work order or other liabilities presently exist with respect to any portion of any currently or formerly owned, leased, used or otherwise controlled property, interests and rights or relating to the operations and business of Red Pine and, to the knowledge of Red Pine, there is no basis for any such obligations, demands, notices, work orders or liabilities to arise in the future as a result of any activity in respect of such property, interests, rights, operations and business.
  - (v) To the knowledge of Red Pine, there are no actual changes in the status, terms or conditions of any Environmental Approvals now held by Red Pine or any renewal, modification, revocation, reassurance, alteration, transfer or amendment of any such Environmental Approvals, or any review by, or approval of, any Governmental Entity of such Environmental Approvals that are required in connection with the execution or delivery of this Agreement, the completion of the Arrangement or the other transactions contemplated herein or the continuation of the business of the Resulting Issuer following the Effective Date.
  - (vi) Red Pine has not received from any Person or Governmental Entity any notice, formal or informal, of any proceeding, action or other claim, liability or potential liability arising under any Environmental Law that is pending.
  - (vii) Red Pine has made available to Augustine all material audits, assessments, investigation reports, studies, plans, regulatory correspondence and similar information with respect to environmental matters.
  - (viii) To the knowledge of Red Pine, Red Pine is not subject to any past or present fact, condition or circumstance that could reasonably be expected to result in liability under any Environmental Laws.
- (cc) **Reclamation.** To the knowledge of the current management of Red Pine, all mines located in or on the Red Pine Properties, or lands pooled or unitized therewith, which have been abandoned by Red Pine have been abandoned in accordance with good mining practices and in compliance with all Applicable Laws, and there are no future abandonment, remediation and reclamation obligations known to Red Pine as of the date hereof.
- (dd) **Operational Matters.**
- (i) All rentals, royalties, overriding royalty interests, production payments, net profits, interest burdens, payments and obligations due and payable, or performable, as the case may be, on or prior to the date hereof under, with respect to, or on account of, any direct or indirect assets of Red Pine, have been: (A) duly paid; (B) duly performed; or (C) provided for prior to the date hereof.

- (ii) All costs, expenses, and liabilities payable on or prior to the date hereof under the terms of any contracts and agreements to which Red Pine is directly or indirectly bound have been properly and timely paid, except for such expenses that are being currently paid prior to delinquency in the ordinary course of business.
- (iii) All exploration and development activities have been undertaken in accordance with good exploration and development practices and in compliance with all Applicable Laws.
- (ee) **Permits.** Red Pine possesses all approvals, consents, certificates, registrations, authorizations, permits and licenses issued by the appropriate Governmental Entity necessary to carry on the business currently carried on, or currently contemplated to be carried on, by it, and is in compliance with the terms and conditions of all such approvals, consents, certificates, authorizations, permits and licenses, and with all Applicable Laws, regulations, tariffs, rules, orders and directives material to the operations thereof, and Red Pine has not received any notice of the modification, revocation or cancellation of, or any intention to modify, revoke or cancel or any proceeding relating to the modification, revocation or cancellation of any such approval, consent, certificate, authorization, permit or license which, individually or in the aggregate, if the subject of an unfavourable decision, order, ruling or finding, would or could be reasonably expected to have Material Adverse Effect on Red Pine.
- (ff) **Restrictions on Business Activities.** There is no agreement, judgement, injunction, order or decree binding upon Red Pine that has or could reasonably be expected to have the effect of prohibiting, restricting or materially impairing any business practice of Red Pine, any acquisition of property by Red Pine or the conduct of business by Red Pine as currently conducted (including following the transaction contemplated by this Agreement).
- (gg) **Material Contracts.** Augustine has been provided with true and complete copies of all of the material contracts of Red Pine (collectively, the “**Red Pine Material Contracts**”) and, other than the Red Pine Material Contracts, there are no other contracts, agreements or licences material to the conduct of the business of Red Pine that if breached or in default would, either individually or in the aggregate, have or would be reasonably likely to have a Material Adverse Effect on Red Pine, and there are no current or pending negotiations with respect to the renewal, termination or amendment of any of the Red Pine Material Contracts. Red Pine has performed in all material respects all obligations required to be performed by it to date under the Red Pine Material Contracts. Red Pine is not in breach or default under any Red Pine Material Contract to which it is a party or bound, nor does Red Pine have knowledge of any condition that with the passage of time or the giving of notice or both would result in such a breach or default, except in each case where any such breaches or defaults would not, individually or in the aggregate, reasonably be expected to result in a Material Adverse Effect. Red Pine does not know of, nor has received written notice of, any breach or default under (nor, to the knowledge of Red Pine, does there exist any condition which with the passage of time or the giving of notice or both would result in such a breach or default under) any such Red Pine Material Contract by any other party thereto except where any such violation or default would not, individually or in the aggregate, reasonably be expected to result in, a Material Adverse Effect. All of the Red Pine Material Contracts are with Red Pine. All of the Red Pine Material Contracts are legal, valid, binding and in full force and effect and

are enforceable by Red Pine in accordance with their respective terms (subject to bankruptcy, insolvency and other Applicable Laws affecting creditors' rights generally, and to general principles of equity) and are the product of fair and arms' length negotiations between the parties thereto.

- (hh) **Certain Contracts.** Red Pine is not a party to or bound by any non-competition agreement or any other agreement, obligation, judgment, injunction, order or decree which purports to (i) limit the manner or the localities in which all or any material portion of the business of Red Pine is conducted, (ii) limit any business practice of Red Pine in any material respect, or (iii) restrict any acquisition or disposition of any property by Red Pine in any material respect.
- (ii) **No Brokers.** Red Pine has not agreed to pay any brokerage fees, finder's fees, financial advisory fees, agent's commissions or other similar forms of compensation in connection with this Agreement, the Arrangement or the other transactions contemplated herein.
- (jj) **Intellectual Property.** Red Pine does not own or license any patents, patent rights, trademarks, trade names, service marks, copyrights, know how or other proprietary intellectual property rights.
- (kk) **Residency.** Red Pine is not a non-resident of Canada for purposes of the Tax Act.
- (ll) **Place of Principal Offices.** The principal offices of Red Pine are not located within the United States.
- (mm) **U.S. Securities Law Compliance.** As of the date hereof, Red Pine (i) is a "foreign private issuer" within the meaning of Rule 405 under the 1933 Act, (ii) does not have any class of securities outstanding that is or is required to be registered under section 12 of the 1934 Act or that is subject to the reporting requirements of section 13 or 15(d) of the 1934 Act, (iii) is not registered or required to register and will not as a result of the completion of the Arrangement and the issuance of the Red Pine Shares be required to register as an investment company under the 1940 Act and (iv) is not a "shell company", as such term is defined in Rule 405 under the 1933 Act.
- (nn) **Non-Arm's Length Transactions.** There are no current contracts, commitments, agreements, arrangements or other transactions (including relating to indebtedness by Red Pine) between Red Pine on the one hand, and (a) any officer or director of Red Pine, (b) any holder of record or, to the knowledge of Red Pine, beneficial owner of five percent or more of the voting securities of Red Pine, or (c) any affiliate or associate of any officer, director or beneficial owner, on the other hand.
- (oo) **Taxable Canadian Corporation.** Red Pine is a "taxable Canadian corporation" for the purposes of the Tax Act.

### **Representations and Warranties of Augustine**

- 3.2 Augustine hereby represents and warrants to Red Pine as follows as of the date hereof and acknowledges that Red Pine is relying upon such representations and warranties in connection with the Arrangement and the other transactions contemplated herein and in entering into this Agreement:

- (a) **Organization of Augustine.** Augustine has been incorporated, is subsisting and has full corporate and legal power and authority to own its property and assets and to conduct its business as currently owned and conducted. Augustine is registered, licensed or otherwise qualified as an extra-provincial corporation or a foreign corporation in each jurisdiction where the nature of the business or the location or character of the property and assets owned or leased by it requires it to be so registered, licensed or otherwise qualified, other than those jurisdictions where the failure to be so registered, licensed or otherwise qualified would not have a Material Adverse Effect on Augustine.
- (b) **Capitalization.** Augustine is authorized to issue an unlimited number of common shares without special rights and restrictions. As of the date of this Agreement, there are outstanding (i) 106,122,818 Augustine Shares, (ii) 10,900,000 Augustine Options to acquire an aggregate of 10,900,000 Augustine Shares, and (iii) 64,218,883 Augustine Warrants to acquire an aggregate of 64,218,883 Augustine Shares. All outstanding Augustine Shares have been authorized and are issued and outstanding as fully paid and non-assessable shares, free of or in compliance with pre-emptive rights. Immediately prior to the Effective Time, there will be no more than 137,081,192 Augustine Shares, 69,218,883 Augustine Warrants and no Augustine Options outstanding.
- (c) **Options and Warrants to Purchase Shares.** Except as disclosed in the Augustine Disclosure Letter, there are no options, warrants, conversion privileges or other rights, agreements, arrangements or commitments (pre-emptive, contingent or otherwise) obligating Augustine to issue or sell any shares of Augustine or any securities or obligations of any kind convertible into or exchangeable or exercisable for any shares of Augustine. As of the date hereof, there are no outstanding bonds, debentures or other evidences of indebtedness of Augustine having the right to vote with the Augustine Shareholders on any matter. There are no outstanding contractual obligations of Augustine to repurchase, redeem or otherwise acquire any outstanding Augustine Shares or with respect to the voting or disposition of any outstanding Augustine Shares. The terms of the Augustine Warrants provide that the holders thereof will receive, upon the exercise thereof, in lieu of each Augustine Share and/or unit to which such holder was theretofore entitled upon such exercise or conversion, but for the same aggregate consideration payable therefor, the applicable Augustine Consideration.
- (d) **Authority.** Augustine has all necessary power, authority and capacity to enter into this Agreement and all other agreements and instruments to be executed by Augustine as contemplated by this Agreement, and to perform its obligations hereunder and under such other agreements and instruments. The execution and delivery of this Agreement by Augustine and the completion by Augustine of the transactions contemplated by this Agreement have been authorized by the Augustine Board, and no other corporate proceedings on the part of Augustine are necessary to authorize this Agreement or, other than the Augustine Shareholder Approval, to complete the transactions contemplated hereby. This Agreement has been executed and delivered by Augustine and constitutes a legal, valid and binding obligation of Augustine, enforceable against Augustine in accordance with its terms, subject to bankruptcy, insolvency, reorganization, fraudulent transfer, moratorium and other Applicable Laws relating to or affecting creditors' rights generally and to general principles of equity.

- (e) **Augustine Board Matters.** The Augustine Board has:
- (i) approved the Arrangement and the other transactions contemplated herein and authorized the entering into of this Agreement, the execution thereof, and the performance of its provisions by Augustine;
  - (ii) determined, based in part on the Fairness Opinion, that the Arrangement is fair to the Augustine Shareholders and that the Arrangement is in the best interests of Augustine; and
  - (iii) determined to recommend that the Augustine Shareholders vote in favour of the Arrangement Resolution.

Each of the members of the Augustine Board has indicated his/her intention to vote all of his/her Augustine Shares in favour of the Arrangement Resolution (subject to the provisions of the Lock-Up Agreements) and has agreed that the press release to be issued by Augustine announcing the Arrangement may reference such statement of intention and that references to such intention may be made in the Augustine Information Circular.

- (f) **Vote Required.** The only vote or approval of the holders of the Augustine Shares, Augustine Options or Augustine Warrants, or the holder of any other securities of Augustine, necessary to approve the Arrangement Resolution is, subject to the Interim Order, the Augustine Shareholder Approval.
- (g) **No Conflict or Violation.** Subject to receipt of the approvals set out in section 3.2(i), the execution and delivery of this Agreement and the completion of the Arrangement and the other transactions contemplated herein do not and will not:
- (i) result in a violation, contravention or breach of, require any consent to be obtained under or give rise to the right to receive any extraordinary or accelerated payment or any termination rights under any provision of:
    - A. the notice of articles or articles or equivalent of Augustine,
    - B. any Applicable Laws, or
    - C. any contract, agreement, license or permit to which Augustine is bound or is subject to or of which Augustine is the beneficiary,that would, individually or in the aggregate, have a Material Adverse Effect on Augustine;
  - (ii) give rise to any right of termination or acceleration of indebtedness, or cause any indebtedness owing by Augustine to come due before its stated maturity or cause any available credit to cease to be available which would, individually or in the aggregate, have a Material Adverse Effect on Augustine;
  - (iii) entitle any “related party” (as such term is defined in MI 61-101) to receive, directly or indirectly, any “collateral benefit” (as such term is defined in MI 61-101);

- (iv) result in the imposition of any Encumbrance upon any of the property or assets of Augustine or restrict, hinder, impair or limit the ability of Augustine to conduct the business of Augustine as and where it is now being conducted which would, individually or in the aggregate, have a Material Adverse Effect on Augustine; or
  - (v) result in any payment (including severance, unemployment compensation, “golden parachute”, bonus or otherwise) becoming due to any director, officer or employee of Augustine (whether automatically or solely upon further action on the part of such director, officer or employee) or increase any benefits otherwise payable under any pension or benefits plan of Augustine or result in the acceleration of the time of payment or vesting of any such benefits.
- (h) **No Contracts or Commitments.** Except as disclosed in the Augustine Disclosure Letter, there are no agreements, covenants, undertakings or other commitments of or on behalf of Augustine under which the completion of the Arrangement or other transactions contemplated herein would:
- (i) have the effect of imposing restrictions or obligations on Augustine;
  - (ii) give a third party a right of first refusal under or right to terminate any contract to which Augustine is a party or to which any agent or consultant acting on behalf of any of the foregoing, is a party; or
  - (iii) impose restrictions on the ability of Augustine to pay any dividends or make other distributions to its shareholders.
- (i) **Consents.** No consent, approval, order or authorization of, or declaration or filing with, any Governmental Entity or other Person is required to be obtained or made by Augustine in connection with the execution and delivery of this Agreement or the completion of the Arrangement and the other transactions contemplated herein other than:
- (i) any approvals required by the Interim Order or the Final Order;
  - (ii) any filings or approvals required under the OBCA or under Applicable Securities Laws; and
  - (iii) any other consents, approvals, orders, authorizations, declarations or filings of or with a Governmental Entity which, if not obtained, either individually or in the aggregate would not, and either individually or in the aggregate, could not reasonably be expected to have a Material Adverse Effect on Augustine or a material impact on the ability of Augustine to complete the Arrangement or any other transactions contemplated herein.
- (j) **Listing and Reporting Issuer Status.** The Augustine Shares are listed on the CSE, and Augustine does not have any other class of securities listed on the CSE. Augustine is a reporting issuer in each of the provinces of Alberta, Ontario and Nova Scotia and is not a reporting issuer in any other Canadian jurisdiction or the equivalent of a reporting issuer in any foreign jurisdiction. Neither Augustine nor any of its directors, officers or promoters is subject to any cease trade or other order under Applicable Securities Laws and, to the knowledge of Augustine, no investigation or other proceedings involving

Augustine or any of its directors, officers or promoters which may operate to prevent or restrict trading of any securities of Augustine are currently in progress or pending before any stock exchange or under Applicable Securities Laws.

- (k) **Augustine Disclosure Documents.** Except as set out in the Augustine Disclosure Letter, Augustine is current with all filings required to be made by it under Applicable Securities Laws. The information and statements contained in the Augustine Disclosure Documents at the respective dates of such information and statements (i) did not contain a Misrepresentation, and (ii) complied with Applicable Securities Laws. Augustine has not filed any confidential material change, confidential treatment requests or other report or other document with any Securities Authority or stock exchange which at the date hereof remains confidential.
- (l) **Absence of Certain Changes or Events.** Other than as disclosed in the Augustine Disclosure Documents, since November 30, 2015:
- (i) Augustine has conducted its business only in the ordinary and regular course of business consistent with past practice;
  - (ii) Augustine has not incurred or suffered a Material Adverse Change and there has not been any event, circumstance or occurrence which has had or is reasonably likely to give rise to a Material Adverse Change;
  - (iii) there has not been any acquisition or sale by Augustine of any interest in any material property or assets;
  - (iv) there has not been any incurrence, assumption or guarantee by Augustine of any debt for borrowed money, any creation or assumption by Augustine of any Encumbrance, any making by Augustine of any loan, advance or capital contribution to, or investment in, any other Person;
  - (v) Augustine has not effected any material change in its accounting methods, principles or practices;
  - (vi) Augustine has not declared or paid any dividends or made any other distributions on any of the Augustine Shares;
  - (vii) Augustine has not effected or passed any resolution to approve a split, consolidation or reclassification of any of the outstanding Augustine Shares;
  - (viii) other than in the ordinary and regular course of business consistent with past practice, there has not been any material increase in or modification of the compensation payable to or to become payable by Augustine to any of its directors, officers, employees or consultants or any grant to any such director, officer, employee or consultant of any increase in severance or termination pay or any increase or modification of any bonus, pension, insurance or benefit arrangement (including, without limitation, the granting of Augustine Options pursuant to the Augustine Stock Option Plan) to, for or with any of such directors, officers, employees or consultants; and

- (ix) Augustine has not adopted, or materially amended, any material contract, collective bargaining agreement, bonus, pension, profit sharing, stock purchase, stock option or other benefit plan.
- (m) **Financial Statements.** The financial statements of Augustine forming part of the Augustine Disclosure Documents have been prepared in accordance with IFRS consistently applied and fairly present in all material respects the consolidated financial condition of Augustine at the respective dates indicated therein and the results of operations of Augustine for the periods covered therein on a consolidated basis. Augustine does not have any liability or obligation (including, without limitation, liabilities or obligations to fund any operations or work or exploration programs, or to give any guarantees), whether accrued, absolute, contingent or otherwise, not reflected in the unaudited condensed consolidated interim financial statements of Augustine and the notes thereto for the nine months ended August 31, 2015, except liabilities and obligations incurred in the ordinary and regular course of business consistent with past practice. There are reasonable grounds for believing that (i) Augustine is able to pay its liabilities as they become due and (ii) the realizable value of the property and assets of Augustine are not less than the aggregate of the liabilities thereof and the stated capital of all classes of shares thereof.
- (n) **Compliance with Laws.** Augustine has complied with, and its operations have been conducted in accordance with, all Applicable Laws, orders, judgments and decrees other than any non-compliance which would, individually or in the aggregate, not have a Material Adverse Effect on Augustine. Without limiting the generality of the foregoing, all outstanding securities of Augustine (including the Augustine Shares, the Augustine Options and the Augustine Warrants) have been issued in compliance with all Applicable Securities Laws and all securities of Augustine to be issued upon exercise of any Augustine Options or Augustine Warrants prior to the Effective Time will be issued in compliance with all Applicable Securities Laws.
- (o) **Litigation.** There are no claims, actions, suits, proceedings or investigations commenced or, to the knowledge of Augustine, threatened or contemplated against or affecting Augustine or affecting any of its properties or assets before any Governmental Entity or before or by any Person or before any arbitrator of any kind which, individually or in the aggregate, would prevent or hinder the consummation of the Arrangement or other transactions contemplated herein or which, individually or in the aggregate, involve the possibility of any judgement or liability which could be reasonably expected to have a Material Adverse Effect on Augustine.
- (p) **No Insolvency.** Augustine is not insolvent within the meaning of applicable bankruptcy, insolvency or fraudulent conveyance laws. No act or proceeding has been taken or, to the knowledge of Augustine, is threatened by or against Augustine in connection with the dissolution, liquidation, winding up, bankruptcy or reorganization of Augustine or the appointment of a trustee, receiver, manager or other administrator of Augustine or any of its properties or assets. Augustine has not sought protection under the *Bankruptcy and Insolvency Act* (Canada) or the *Companies' Creditors Arrangement Act* (Canada) or any similar legislation.

- (q) **Books and Records.** The corporate records and minute books of Augustine have been maintained in accordance with all Applicable Laws and are complete and accurate in all material respects. Financial books and records and accounts of Augustine (i) have been maintained in accordance with good business practices on a basis consistent with prior years and past practice, (ii) are stated in reasonable detail and accurately and fairly reflect the transactions and acquisitions and dispositions of property or assets of Augustine, and (iii) accurately and fairly reflect the basis for the financial statements of Augustine, in each case in all material respects. Augustine has devised and maintains a system of internal accounting controls sufficient to provide reasonable assurances that, in all material respects (A) transactions are executed in accordance with the general or specific authorization of the management of Augustine, (B) transactions are recorded as necessary to permit preparation of financial statements in conformity with IFRS or any criteria applicable to such financial statements and to maintain accountability for assets and liabilities, (C) access to assets of Augustine is permitted only in accordance with the general or specific authorization of management of Augustine and (D) the recorded accountability for assets of Augustine (other than in respect of fixed assets) is compared with the existing assets of Augustine at reasonable intervals and appropriate action is taken with respect to any differences therein.
- (r) **Directors and Officers.** All of the directors and officers of Augustine are listed in Schedule “D” attached hereto.
- (s) **No Expropriation.** No part of the property or assets of Augustine has been taken, condemned or expropriated by any Governmental Entity nor has any written notice or proceeding in respect thereof been given or commenced. To the knowledge of Augustine, no Governmental Entity has any intent or proposal to give such notice or commence any such proceedings.
- (t) **Tax Matters.**
- (i) All Tax Returns required by Applicable Laws to be filed with or provided to any Taxing Authority by, or on behalf of, Augustine have been filed when due in accordance with all Applicable Laws, and all such Tax Returns are true and complete in all material respects. Augustine has timely paid, collected, withheld or remitted all Taxes due and payable by it including all instalments on account of Taxes for the current year that are due and payable by it whether or not assessed (or reassessed) by the appropriate Taxing Authority. The most recent financial statements for Augustine reflect an adequate reserve, in accordance with IFRS, for all material amounts of Taxes which are not yet due and payable in respect of periods ending on or prior to the date of such financial statements. Since the date of such financial statements, no material liability in respect of Taxes not reflected in such statements or otherwise provided for has been assessed, proposed to be assessed, incurred or accrued, other than in the ordinary course of business. No deficiencies for any Taxes have been assessed or asserted in writing against Augustine. There are no liens for Taxes that have not been paid upon any of the assets or properties of Augustine.
- (ii) All Taxes, local improvements, utilities and any and all other payments to or assessments of any Taxing Authority or Governmental Entity having jurisdiction in respect of the Augustine Properties have been paid or made by Augustine in

respect of the Augustine Properties.

- (iii) Augustine has duly and timely deducted, collected or withheld from any amount paid or credited by it to or for the account or benefit of any person and has duly and timely remitted the same (or is properly holding for such remittance) to the appropriate Taxing Authority all Taxes it is required by Applicable Laws to so deduct or collect and remit. Augustine has remitted all Taxes payable by it in respect of its employees, agents and consultants, as applicable (including but not limited to Canada Pension Plan contributions and employment insurance premiums), and has remitted such amounts to the proper Taxing Authority within the time required under Applicable Laws. Augustine has charged, collected and remitted on a timely basis all Taxes required under Applicable Laws on any sale, supply or delivery whatsoever, made by it.
- (iv) There is no dispute or claim, including any audit, investigation, examination or proposed adjustment by any Taxing Authority, actual, pending or, to the knowledge of Augustine, threatened against Augustine with respect to Taxes.
- (v) Augustine has not consented to extend the time, or is the beneficiary of any extension of time, in which any Tax Return is to be filed or Tax is to be paid or remitted or in which any Tax may be assessed or collected by any Taxing Authority.
- (vi) No claim has ever been made by any Taxing Authority in a jurisdiction where Augustine does not file Tax Returns that Augustine is or may be subject to Taxes or is required to file Tax Returns in that jurisdiction.
- (vii) To the knowledge of Augustine, Augustine has not acquired property from a non-arm's length person for consideration, the value of which is less than the fair market value of the property in circumstances which could subject it to a liability under section 160 of the Tax Act or comparable provisions of any other Tax laws.
- (viii) To the knowledge of Augustine, there are no circumstances existing which could reasonably be expected to result in an assessment of Augustine on the basis of sections 78 or 80 to 80.04 of the Tax Act or provisions of any other Tax laws.
- (ix) Augustine has provided Red Pine with true, correct and complete copies of the Tax Returns listed in the Augustine Disclosure Letter.
- (x) Augustine is not a party to any Tax indemnification or Tax sharing agreement or similar arrangement.
- (u) **Employment Agreements.** Except as set forth in the Augustine Disclosure Letter:
  - (i) Augustine is not a party to any written or oral policy, agreement, obligation, arrangement or understanding providing for severance or termination payments to, or any employment or comparable agreement with, any consultant, director or officer of Augustine which cannot be terminated without payment upon a maximum of 6 months' notice;

- (ii) Augustine does not have any employee or consultant whose employment or contract with Augustine cannot be terminated without payment upon a maximum of six (6) months' notice; and
- (iii) Augustine (a) is not a party to any collective bargaining agreement, (b) is not, to the knowledge of Augustine, subject to any application for certificate or threatened or apparent union-organizing campaigns for employees not covered under a collective bargaining agreement, and (c) is not subject to any current, or to the knowledge of Augustine, pending or threatened strike or lockout.
- (v) **Property Agreements.** All of the agreements and other documents and instruments pursuant to which Augustine holds its real properties and material assets (including any interest in, or right to earn an interest in, any properties and material assets) are valid and subsisting agreements, documents or instruments in full force and effect, enforceable in accordance with their terms. True and complete copies of all such documents have been provided to Red Pine. Augustine is not in default of any of the material provisions of any such agreements, documents or instruments nor has any such default been alleged; such properties and assets are in good standing under Applicable Laws; and all payments, rentals, rates, assessments, renewal fees and other governmental charges required to be paid with respect to such properties and assets to the date hereof have been paid.
- (w) **Mineral Rights.** Augustine holds either freehold title, mining leases, mining claims or other conventional property, proprietary or contractual interests or rights, recognized in the jurisdiction in which a particular property is located in such percentages as further described in Schedule "E" attached hereto (collectively, the "**Augustine Properties**"), in respect of the ore bodies and minerals located in properties in which Augustine has an interest under valid, subsisting and enforceable title documents or other recognized and enforceable agreements or instruments, sufficient to permit Augustine to explore the minerals relating thereto, with good and marketable title thereto, free and clear of any title defect or Encumbrances; all such property, leases or claims and all property, leases or claims in which Augustine has any interest or right have been validly located and recorded in accordance with all Applicable Laws and are valid and subsisting; Augustine has all necessary surface rights, access rights and other necessary rights and interests relating to the properties in which it has an interest granting Augustine the right and ability to explore for minerals, ore and metals for development purposes as are appropriate in view of its rights and interest therein, with only such exceptions as do not materially interfere with the use made by Augustine of the rights or interests so held and each of the proprietary interests or rights; and each of the documents, agreements and instruments and obligations relating thereto referred to above is currently in good standing in the name of Augustine. Augustine has not received any notice, whether written or oral, from any Governmental Entity of any revocation or intention to revoke any interest of Augustine in any of the Augustine Properties.
- (x) **No Option on Assets.** No Person has any agreement or option or any right or privilege capable of becoming an agreement or option for the purchase from Augustine of any of the material assets of Augustine; and none of the properties (or any interest in, or right to earn an interest in, any property) of Augustine is subject to any right of first refusal, back-in rights, or purchase or other similar acquisition right.

- (y) **Full Disclosure.** Augustine has made available to Red Pine all material information, including financial, operational and other information, in respect of the Augustine Properties. Augustine has delivered to Red Pine, or provided Red Pine with access to, all Records and Data in its possession or under its control relating to the Augustine Properties and their respective mineral potentials and relating to access rights to the Augustine Properties.
- (z) **Technical Reports.** The Augustine Technical Report was prepared in accordance with, and was at the time of filing in material compliance with, the requirements set out in National Instrument 43-101 of the Canadian Securities Administrators, and there has been no material change to the information contained in the Augustine Technical Report since its date of filing.
- (aa) **Mineral Resources.** The current mineral resources for the Augustine Properties, as set forth in the Augustine Technical Report, were prepared in all material respects in accordance with sound mining, engineering, geoscience and other applicable industry standards and practices, and in all material respects in accordance with all Applicable Laws, including the requirements of National Instrument 43-101 of the Canadian Securities Administrators. There has been no material reduction in the aggregate amount of estimated mineral resources or mineralized material of Augustine from the amounts set forth in the Augustine Technical Report. All information regarding the Augustine Properties and the mineral rights, including all drill results, technical reports and studies, that are required to be disclosed by Applicable Laws, have been disclosed in the Augustine Disclosure Documents or as otherwise required by Applicable Laws on or before the date hereof.
- (bb) **Environmental.** Except as disclosed by Augustine in the Augustine Disclosure Letter:
  - (i) all facilities and operations of Augustine have been conducted, and are now, in compliance with all Environmental Laws;
  - (ii) none of the Augustine Properties have been used to generate, manufacture, refine, treat, recycle, transport, store, handle, dispose, transfer, produce or process Hazardous Substances, except in compliance with all Environmental Laws; Augustine has not caused or permitted the release of any Hazardous Substances at, in, on, under or from any of the Augustine Properties, except in compliance with all Environmental Laws; all Hazardous Substances handled, recycled, disposed of, treated or stored on or off site of the Augustine Properties have been handled, recycled, disposed of, treated and stored in compliance with all Environmental Laws and there are no Hazardous Substances at, in, on, under or migrating from any of the Augustine Properties except in compliance with all Environmental Laws;
  - (iii) Augustine is in possession of, and in compliance with, all Environmental Approvals that are required to own, lease and operate the Augustine Properties and to conduct its business as it is now being conducted;
  - (iv) no environmental, reclamation or closure obligation, demand, notice, work order or other liabilities presently exist with respect to any portion of any currently or formerly owned, leased, used or otherwise controlled property, interests and

rights or relating to the operations and business of Augustine and, to the knowledge of Augustine, there is no basis for any such obligations, demands, notices, work orders or liabilities to arise in the future as a result of any activity in respect of such property, interests, rights, operations and business;

- (v) to the knowledge of Augustine, there are no actual changes in the status, terms or conditions of any Environmental Approvals now held by Augustine or any renewal, modification, revocation, reassurance, alteration, transfer or amendment of any such Environmental Approvals, or any review by, or approval of, any Governmental Entity of such Environmental Approvals that are required in connection with the execution or delivery of this Agreement, the completion of the Arrangement or the other transactions contemplated herein or the continuation of the business of Augustine following the Effective Date;
  - (vi) Augustine has not received from any Person or Governmental Entity any notice, formal or informal, of any proceeding, action or other claim, liability or potential liability arising under any Environmental Law that is pending;
  - (vii) Augustine has made available to Red Pine all material audits, assessments, investigation reports, studies, plans, regulatory correspondence and similar information with respect to environmental matters; and
  - (viii) to the knowledge of Augustine, Augustine is not subject to any past or present fact, condition or circumstance that could reasonably be expected to result in liability under any Environmental Laws.
- (cc) **Reclamation.** To the knowledge of Augustine, all mines located in or on the Augustine Properties, or lands pooled or unitized therewith, which have been abandoned by Augustine have been abandoned in accordance with good mining practices and in compliance with all Applicable Laws, and all future abandonment, remediation and reclamation obligations known to Augustine as of the date hereof have been accurately set forth in the Augustine Disclosure Documents without omission of information necessary to make the disclosure not misleading.
- (dd) **Operational Matters.**
- (i) All rentals, royalties, overriding royalty interests, production payments, net profits, interest burdens, payments and obligations due and payable, or performable, as the case may be, on or prior to the date hereof under, with respect to, or on account of, any direct or indirect assets of Augustine, have been: (A) duly paid; (B) duly performed; or (C) provided for prior to the date hereof.
  - (ii) Except as set forth in the Augustine Disclosure Letter, all costs, expenses, and liabilities payable on or prior to the date hereof under the terms of any contracts and agreements to which Augustine is directly or indirectly bound have been properly and timely paid, except for such expenses that are being currently paid prior to delinquency in the ordinary course of business.
  - (iii) All exploration and development activities have been undertaken in accordance with good exploration and development practices and in compliance with all

Applicable Laws.

- (ee) **Permits.** Augustine possesses all approvals, consents, certificates, registrations, authorizations, permits and licenses issued by the appropriate Governmental Entity necessary to carry on the business currently carried on, or currently contemplated to be carried on, by it, and is in compliance with the terms and conditions of all such approvals, consents, certificates, authorizations, permits and licenses, and with all Applicable Laws, regulations, tariffs, rules, orders and directives material to the operations thereof, and Augustine has not received any notice of the modification, revocation or cancellation of, or any intention to modify, revoke or cancel or any proceeding relating to the modification, revocation or cancellation of any such approval, consent, certificate, authorization, permit or license which, individually or in the aggregate, if the subject of an unfavourable decision, order, ruling or finding, would or could be reasonably expected to have Material Adverse Effect on Augustine.
- (ff) **Restrictions on Business Activities.** There is no agreement, judgement, injunction, order or decree binding upon Augustine that has or could reasonably be expected to have the effect of prohibiting, restricting or materially impairing any business practice of Augustine, any acquisition of property by Augustine or the conduct of business by Augustine as currently conducted (including following the transaction contemplated by this Agreement).
- (gg) **Material Contracts.** Red Pine has been provided with a true and complete copy of all of the material contracts of Augustine (collectively, the “**Augustine Material Contracts**”) and, other than the Augustine Material Contracts, there are no other contracts, agreements or licences material to the conduct of the business of Augustine that if breached or in default would, either individually or in the aggregate, have or would be reasonably likely to have a Material Adverse Effect on Augustine, and there are no current or pending negotiations with respect to the renewal, termination or amendment of any of the Augustine Material Contracts. Augustine has performed in all material respects all obligations required to be performed by it to date under the Augustine Material Contracts. Augustine is not in breach or default under any Augustine Material Contract to which it is a party or bound, nor does Augustine have knowledge of any condition that with the passage of time or the giving of notice or both would result in such a breach or default, except in each case where any such breaches or defaults would not, individually or in the aggregate, reasonably be expected to result in a Material Adverse Effect. Augustine does not know of, or has received written notice of, any breach or default under (nor, to the knowledge of Augustine, does there exist any condition which with the passage of time or the giving of notice or both would result in such a breach or default under) any such Augustine Material Contract by any other party thereto except where any such violation or default would not, individually or in the aggregate, reasonably be expected to result in, a Material Adverse Effect. All of the Augustine Material Contracts are with Augustine. All of the Augustine Material Contracts are legal, valid, binding and in full force and effect and are enforceable by Augustine in accordance with their respective terms (subject to bankruptcy, insolvency and other Applicable Laws affecting creditors' rights generally, and to general principles of equity) and are the product of fair and arms' length negotiations between the parties thereto.

- (hh) **Certain Contracts.** Augustine is not a party to or bound by any non-competition agreement or any other agreement, obligation, judgment, injunction, order or decree which purports to (i) limit the manner or the localities in which all or any material portion of the business of Augustine is conducted, (ii) limit any business practice of Augustine in any material respect, or (iii) restrict any acquisition or disposition of any property by Augustine in any material respect.
- (ii) **No Brokers.** Other than as disclosed in the Augustine Disclosure Letter, Augustine has not agreed to pay any brokerage fees, finder's fees, financial advisory fees, agent's commissions or other similar forms of compensation in connection with this Agreement, the Arrangement or the other transactions contemplated herein.
- (jj) **Intellectual Property.** Augustine does not own or license any patents, patent rights, trademarks, trade names, service marks, copyrights, know how or other proprietary intellectual property rights.
- (kk) **Residency.** Augustine is not a non-resident of Canada for purposes of the Tax Act. Augustine is a "taxable Canadian corporation" for the purposes of the Tax Act.
- (ll) **Red Pine Shares.** Augustine does not and will not immediately before the Effective Time beneficially own, directly or indirectly, or exercise control or direction over any Red Pine Shares.
- (mm) **Place of Principal Offices.** The principal offices of Augustine are not located within the United States.
- (nn) **U.S. Securities Law Compliance.** As of the date hereof, Augustine (i) is a "foreign private issuer" within the meaning of Rule 405 under the 1933 Act, (ii) does not have any class of securities outstanding that is or is required to be registered under section 12 of the 1934 Act or that is subject to the reporting requirements of section 13 or 15(d) of the 1934 Act, and (iii) is not a "shell company", as such term is defined in Rule 405 under the 1933 Act.
- (oo) **Investment Company.** Augustine is not registered and, to the knowledge of Augustine, it is not required to be registered as an investment company under the 1940 Act.
- (pp) **Non-Arm's Length Transactions.** Other than as disclosed in the Augustine Disclosure Letter or in relation to the transactions contemplated by this Agreement, there are no current contracts, commitments, agreements, arrangements or other transactions (including relating to indebtedness by Augustine) between Augustine on the one hand, and (a) any officer or director of Augustine, (b) any holder of record or, to the knowledge of Augustine, beneficial owner of five percent or more of the voting securities of Augustine, or (c) any affiliate or associate of any officer, director or beneficial owner, on the other hand.

### **Survival of Representations and Warranties**

- 3.3 The representations and warranties contained in this Agreement shall survive the execution and delivery of this Agreement and shall expire and be terminated and extinguished on the Effective Date. Any investigation by Red Pine or Augustine and their respective advisors shall not mitigate,

diminish or affect the representations and warranties contained in this Agreement.

## **ARTICLE 4 COVENANTS**

### **Covenants of Augustine**

- 4.1 Augustine hereby covenants and agrees with Red Pine that, until the earlier of the Effective Time and the time that this Agreement is terminated in accordance with its terms, except with the prior written consent of Red Pine, which consent will not be unreasonably withheld, conditioned or delayed, or other than as expressly contemplated or permitted by this Agreement or otherwise required by Applicable Law:
- (a) Augustine shall conduct its business only in the ordinary course of business consistent with past practice and it shall use its commercially reasonable efforts to maintain and preserve its business organization, assets, goodwill, business relationships and relationships with its employees.
  - (b) Augustine shall keep Red Pine fully informed as to all material decisions or actions required or required to be made with respect to the operation of the business of Augustine, and will allow representatives of Red Pine to provide input with respect to such decisions or actions. Augustine shall grant the representatives of Red Pine reasonable access to the Augustine Properties up to three times and to the other assets of Augustine as Red Pine may request with reasonable notice.
  - (c) Upon the reasonable request of Red Pine, Augustine will use commercially reasonable efforts to prepare or cause to be prepared and provide to Red Pine lists of holders of all classes and series of securities of Augustine (together with their respective holdings of Augustine securities), including a list of the Augustine Shareholders, the Augustine Optionholders, the Augustine Warranholders and a list of non-objecting beneficial holders of Augustine Shares, as well as a security position listing from each depository of its securities, including CDS & Co., to the extent reasonably practicable all such deliveries to be in printed form and, if available, in computer-readable format. Augustine shall from time to time require that its registrar and transfer agent furnish Red Pine with such additional information, including updated or additional lists of Augustine Shareholders and lists of holdings and other assistance as Red Pine may reasonably request.
  - (d) Except for proxies and other non-substantive communications, Augustine shall furnish promptly to Red Pine a copy of (A) each notice, report, schedule or other document or communication delivered, filed or received by Augustine in connection with this Agreement, the Arrangement and the other transactions contemplated in this Agreement, the Interim Order, the Augustine Meeting or any other meeting at which all Augustine Shareholders are entitled to attend, or the Final Order and (B) any filings made under any Applicable Laws and any dealings or communications with any Governmental Entity, Securities Authority or stock exchange in connection with, or in any way affecting, the Arrangement and the other transactions contemplated by this Agreement.

- (e) Except in connection with the Arrangement, Augustine shall not, directly or indirectly:
- (i) issue or sell, or agree to issue or sell, any Augustine Shares or any options, warrants, calls, conversion privileges or rights of any kind to acquire any Augustine Shares, other than (i) the issue of Augustine Shares pursuant to the exercise of Augustine Options and Augustine Warrants on the date hereof in accordance with their terms as of the date hereof, (ii) to Citabar Limited Partnership in accordance with the terms of the Augustine Material Contracts, (iii) in connection with a private placement financing of up to 5,000,000 units of Augustine at a price of \$0.10 per unit, with each such unit consisting of one common share and one common share purchase warrant, or (iv) pursuant to the terms of agreements and arrangements set forth in the Augustine Disclosure Letter or otherwise as agreed to by Red Pine;
  - (ii) amend or propose to amend its constating documents, or any of the terms of the Augustine Options or the Augustine Warrants as they exist on the date hereof;
  - (iii) split, combine or reclassify any of the shares of Augustine or, prior to the Effective Time, declare, set aside or pay any dividend or other distribution payable in cash, securities, property or otherwise with respect to the shares of Augustine;
  - (iv) redeem, purchase or offer to purchase any Augustine Shares or any options or obligations or rights under contracts, agreements and commitments existing as of the date hereof;
  - (v) except as specifically provided in sections 4.2 and 4.3, adopt any resolution or enter into any agreement providing for an amalgamation, merger, consolidation, reorganization, liquidation, dissolution or other extraordinary transaction; adopt any plan of liquidation or reorganize; or amalgamate or merge with any other Person;
  - (vi) except as specifically provided in sections 4.2 and 4.3, sell, pledge, lease, mortgage, licence, encumber or otherwise dispose of the Augustine Properties or assets of Augustine or any interest therein;
  - (vii) grant or enter into any agreement, written or verbal, with respect to any royalty or similar arrangement or issue any instrument having the same economic effect as a royalty on any of the Augustine Properties or the other properties and assets of Augustine;
  - (viii) enter into or modify in any material respect any contract, agreement, licence, franchise, Environmental Approval, lease transaction, commitment or other right or obligation or arrangement in connection with or attributable to Augustine or the Augustine Properties;
  - (ix) abandon or fail to diligently pursue any application to renew any existing material licence, permit, order, claim, authorization, consent, approval (including Environmental Approvals) or registration related to the Augustine Properties;

- (x) make any investment in any Person, or acquire or agree to acquire (by merger, amalgamation, acquisition of stock or assets or otherwise) any Person or any material properties or assets;
  - (xi) incur any indebtedness for borrowed money or any other material liability or obligation or issue any debt securities or assume, guarantee, endorse or otherwise as an accommodation become responsible for, the obligations of any other Person, or make any loans or advances;
  - (xii) authorize, recommend, propose or agree to any release or relinquishment of any standstill agreement or of any other material contractual right;
  - (xiii) enter into any hedges, swaps or other similar financial instruments or transactions;
  - (xiv) enter into, or alter the terms of, any agreements with its directors or officers or their respective affiliates or associates;
  - (xv) change any accounting method, principle or practice, except for any changes required by Applicable Laws;
  - (xvi) except in the ordinary and regular course of business or as required by Applicable Laws, make or change any tax election or Tax Return, change an annual tax accounting period, adopt or change any tax accounting method, enter into any closing agreement, surrender any right to claim a refund of Taxes, consent to any extension or waiver of the statute of limitations or reassessment period applicable to any Tax claim or assessment or settle or compromise any tax dispute or liability; or
  - (xvii) authorize, propose, permit to occur or agree to any of the foregoing.
- (f) Augustine shall not, directly or indirectly, insofar as it relates to the assets of Augustine, enter into new commitments of a capital expenditure nature or incur any new contingent liabilities other than (i) expenditures required by Applicable Laws; (ii) expenditures made in connection with the Arrangement; (iii) expenditures required by any of the Augustine Material Contracts or in relation to any exploration program of Augustine for which Red Pine has provided its prior written consent; (iv) expenditures that will not individually or in the aggregate exceed \$50,000; and (v) capital expenditures required to prevent the occurrence of a Material Adverse Effect on Augustine.
- (g) Augustine shall not create any new obligations or liabilities or modify or in any manner alter any existing obligations and liabilities to pay any amount, including loan amounts, to officers, directors, employees or consultants of Augustine, other than for salary, consulting fees and directors' fees disclosed in the Augustine Disclosure Letter. Augustine shall not hire any additional employees, consultants or agents with total remuneration (including benefits) which would be in excess of \$50,000 on an annualized basis.

- (h) Augustine shall use commercially reasonable efforts to cause its current insurance (or reinsurance) policies not to be cancelled or terminated or any of the coverage thereunder to lapse, unless simultaneously with such termination, cancellation or lapse, replacement policies underwritten by insurance and re-insurance companies of internationally recognized standing providing coverage equal to or greater than the coverage under the cancelled, terminated or lapsed policies for substantially similar premiums are in full force and effect.
- (i) Augustine shall use commercially reasonable efforts (i) to preserve intact its business organizations and the rights under its material contracts, (ii) to not do anything or fail to do anything which could lead to a breach under any material contract, (iii) to keep available the services of its officers, employees, agents and consultants as a group, (iv) to maintain satisfactory relationships with suppliers, distributors, customers and others having business relationships with it, and (v) to not take any action which could reasonably be expected to be prejudicial to the Augustine Properties or any of the other material assets of Augustine.
- (j) Augustine will not engage in any business, enterprise or other activity different from that carried on by it at the date of this Agreement, or enter into any transaction or incur (except in respect of obligations or liabilities to which it is already legally subject) any material obligation, expenditure or liability other than in the ordinary and regular course of business as presently conducted.
- (k) Augustine will furnish to Red Pine such information, in addition to the information contained in this Agreement, relating to Augustine, the Augustine Properties and other assets of Augustine as may reasonably be requested by Red Pine, and such information provided by Augustine to Red Pine when read together with all other information provided by Augustine hereunder will be true and complete in all material respects.
- (l) Augustine shall not adopt or amend or make any contribution to any profit sharing, option, deferred compensation, insurance, incentive compensation, other compensation or other similar plan, agreement, trust, fund or arrangements for the benefit of employees except in the ordinary course.
- (m) Augustine shall not take any action, or refrain from taking any action, or permit any action to be taken or not taken, inconsistent with the provisions of this Agreement or that would reasonably be expected to, individually or in the aggregate, prevent, materially delay or materially impede the completion of the Arrangement or the other transactions contemplated herein or would render, or that could reasonably be expected to render, any representation or warranty made by Augustine in this Agreement untrue or inaccurate in any material respect at any time prior to the Effective Time if then made, or that would or could have a Material Adverse Effect on Augustine.
- (n) Augustine will promptly notify Red Pine in writing if:
  - (i) Augustine becomes aware that any of the representations and warranties of Augustine in this Agreement are untrue or inaccurate in any material respect;
  - (ii) there has been, or is reasonably expected to be, any breach of any covenant or agreement of Augustine contained in this Agreement; or

- (iii) there has been any Material Adverse Change in respect of Augustine.
- (o) Augustine shall use reasonable best efforts to take, or cause to be taken, all actions and to do, or cause to be done, all things necessary to consummate and make effective as promptly as is practicable the Arrangement and the other transactions contemplated in this Agreement, including defending all lawsuits or other legal, regulatory or other proceedings against Augustine challenging or affecting this Agreement or the consummation of the transactions contemplated hereby and executing and delivering such documents as Red Pine may reasonably request. Augustine shall use reasonable best efforts to obtain all necessary waivers, consents and approvals and to effect all necessary registrations and filings, including, but not limited to, approvals and filings under Applicable Securities Laws, including as required by the CSE and submissions of information requested and required by Governmental Entities.
- (p) Augustine shall cooperate, and shall cause its affiliates, officers, employees, agents, auditors and representatives reasonably to cooperate, in preparing and filing all Tax Returns, resolving all disputes and audits with respect to all taxable periods relating to Taxes, and in any other matters relating to Taxes, including by making available to Red Pine all books, records and other information of Augustine related to Taxes.
- (q) Augustine shall pay, on a timely basis, all Taxes that are due on or before the Effective Date, except those Taxes that are being disputed by Augustine, acting in good faith.
- (r) Augustine shall provide (i) no later than three (3) Business Days prior to the date of the Augustine Meeting, a reasonable written estimate, certified by an officer of Augustine, of the amount of cash and cash equivalents Augustine is expected to hold immediately after the Effective Time, less the estimated amount of any unpaid current liabilities of Augustine immediately after the Effective Time, and (ii) on the Effective Date, a statement, certified by an officer of Augustine, of the amount of cash and cash equivalents Augustine will hold, less the estimated amount of any unpaid current liabilities of Augustine, in each case immediately after the Effective Time.
- (s) Augustine shall execute and deliver, or cause to be executed and delivered, such customary agreements, certificates, resolutions and other documents and instruments as may be requested by Red Pine, all in form satisfactory to Red Pine, acting reasonably, necessary or required in order to complete the Arrangement.
- (t) Between the date hereof and the Effective Date, Augustine shall on a monthly basis provide Red Pine (Attention: Chief Financial Officer) with a written report setting out Augustine's expenditures for such week. Such report shall be provided within two (2) Business Days following the end of each calendar week and shall set out the quantum and nature of the expenditures for the previous calendar week.

#### **Covenants of Augustine Regarding Non-Solicitation**

- 4.2 (a) Except as provided for in this Article 4, Augustine shall, and shall direct and cause its representatives to, immediately cease and cause to be terminated any solicitation, encouragement, activity, discussion, negotiation or process with any Person (other than Red Pine and its representatives) that may be ongoing with respect to any offer, proposal or inquiry that constitutes an Acquisition Proposal whether or not initiated by Augustine

or its representatives, and, in connection therewith, Augustine shall discontinue (and not establish or allow) access to any of its confidential information and shall request the return of all confidential information regarding Augustine previously provided to any Person outside the ordinary course of business. Augustine further agrees not to release any Person from any standstill or confidentiality agreement or provision to which such Person is a party with Augustine and to take all required actions to enforce such standstill and confidentiality agreements and provisions (at Red Pine's cost) (it being acknowledged and agreed that the automatic termination of any standstill provisions of any such agreement as a result of the entering into or announcement of this Agreement shall not be a violation of this section 4.2(a)).

- (b) Except as provided for in this Article 4, Augustine hereby covenants and agrees that it shall not, and shall not authorize or permit any of the representatives of Augustine, directly or indirectly, to:
- (i) make, solicit, initiate, encourage, entertain, promote or facilitate, including by way of furnishing information, permitting any visit to facilities or properties of Augustine or entering into any form of agreement, written or verbal, any offer, proposal or inquiry which does or could reasonably be expected to lead to an Acquisition Proposal;
  - (ii) encourage or participate, directly or indirectly, in any discussions or negotiations regarding any Acquisition Proposal, it being acknowledged and agreed that Augustine may communicate with any Person for the purposes of clarifying the terms of any proposal, advising such Person of the restrictions of this Agreement or advising such Person that their proposal does not constitute a Superior Proposal and is not reasonably expected to constitute or lead to a Superior Proposal;
  - (iii) withdraw, modify or change in a manner adverse to Red Pine, or publicly state that it intends to withdraw, modify, qualify or change in a manner adverse to Red Pine, the approval or recommendation of the Augustine Board of the Arrangement (it being understood that failing to affirm the approval or recommendation of the Augustine Board of the Arrangement after an Acquisition Proposal has been publicly announced shall be considered a modification which is adverse to Red Pine for the purposes of this subsection if the Augustine Board has not affirmed the approval or recommendation of the Arrangement on the date which is the earlier of (A) ten (10) calendar days after the date on which such Acquisition Proposal has been publicly announced and (B) five (5) Business Days prior to the Augustine Meeting, unless such Acquisition Proposal was publicly announced within seven (7) Business Days of the Augustine Meeting in which case as soon as practicable but in any event no later than two (2) Business Days after such announcement);
  - (iv) approve or recommend, or propose publicly to approve or recommend, any Acquisition Proposal; or
  - (v) enter into, or propose publicly to enter into, any agreement, written or verbal, related to any Acquisition Proposal or requiring Augustine to abandon, terminate or fail to consummate the Arrangement or any other transaction contemplated

herein or providing for the payment of any break, termination or other fee or expense to any Person in the event that Augustine completes the Arrangement and the other transactions contemplated herein or any other transaction with Red Pine agreed to prior to the termination of this Agreement.

Augustine shall not, directly or indirectly, consider, discuss, negotiate, accept, approve or recommend an Acquisition Proposal or provide information to any Person proposing an Acquisition Proposal in each case received after the Augustine Shareholder Approval is obtained.

- (c) Notwithstanding section 4.2(b) or any other provision of this Agreement, the Augustine Board may, prior to the approval of the Arrangement Resolution by the Augustine Shareholders, consider and participate, directly or indirectly, in discussions or negotiations with, or provide information to, or permit visits to the properties or facilities of Augustine by, a Person who proposes a *bona fide* written Acquisition Proposal:
- (i) that was not solicited or encouraged by Augustine or its representatives after the execution of this Agreement;
  - (ii) that did not otherwise result from a breach of this section 4.2; and
  - (iii) that the Augustine Board determines in good faith, after consultation with its financial advisor and external legal counsel, is or could, if completed in accordance with its terms (disregarding for the purposes of such determination, any term of such Acquisition Proposal that provides for due diligence access which does not exceed fourteen (14) days), reasonably be expected to constitute a Superior Proposal;

provided, however, that prior to taking any such action, Augustine must;

- (iv) give notice to Red Pine of such Acquisition Proposal as provided in section 4.2(d); and
- (v) enter into a confidentiality and standstill agreement with the Person making such Acquisition Proposal which is customary in such situations and which is no less favourable to Augustine and no more favourable to the Person making such Acquisition Proposal than the confidentiality and standstill provisions contained in the mutual confidentiality and non-disclosure agreement dated September 30, 2014 between Red Pine and Augustine.

If Augustine receives a request for material non-public information from a Person who has proposed an unsolicited *bona fide* written Acquisition Proposal and Augustine is permitted, as contemplated under this section 4.2(c), to consider and participate, directly or indirectly, in discussions or negotiations with, or provide information to, or permit visits to the properties or facilities of Augustine, subject to giving notice to Red Pine and the execution by such Person of the confidentiality and standstill agreement as described above, Augustine may provide such Person with such information and access provided that such due diligence access is not provided for a period of more than fourteen (14) days; and further provided that Augustine sends a copy of any such confidentiality and standstill agreement to Red Pine promptly upon its execution and Red Pine is provided

with a list of, and a copy of, the information provided to such Person (if not previously provided with such information) and is immediately provided with access to similar information to which such Person is provided (if not previously provided with such access).

- (d) From and after the date of this Agreement, Augustine shall promptly (and in any event within 48 hours after it has received any proposal, inquiry, offer or request in respect of an Acquisition Proposal) notify Red Pine, at first orally and then in writing, in the event it receives or becomes aware of an Acquisition Proposal, including the material terms and conditions thereof and the identity of the Person or Persons making the Acquisition Proposal, and Augustine will include copies of any such proposal, inquiry, offer or request, or any amendment to the foregoing to Red Pine. Augustine will also provide such other details of such proposal, inquiry, offer or request, or any amendment to the foregoing as Red Pine may reasonably request. Augustine will keep Red Pine fully informed as to the status, including any changes to the material terms of such proposal, inquiry, offer or request, or any amendment to the foregoing, and shall respond promptly to all inquiries from Red Pine with respect thereto.
- (e) Augustine shall ensure that its officers and directors and all advisors and representatives retained by any of them are aware of the provisions of this section 4.2, and it shall be responsible for any breach of this section 4.2 by such officers, directors, advisors or representatives.

#### **Right to Accept a Superior Proposal**

- 4.3 (a) Notwithstanding any other provisions of this Agreement, if Augustine has complied with section 4.2 of this Agreement with respect to a Superior Proposal, Augustine may accept, approve, recommend or enter into any agreement, understanding or arrangement in respect of such Superior Proposal prior to the approval of the Arrangement Resolution by the Augustine Shareholders and may terminate this Agreement in accordance with section 6.1(c) if, and only if:
- (i) Augustine has provided Red Pine with a copy of the document containing the Superior Proposal;
  - (ii) five (5) Business Days have elapsed from the later of (A) the date Red Pine received written notice (a “**Superior Proposal Notice**”) advising Red Pine that the Augustine Board has resolved, subject only to compliance with this section 4.3, to accept, approve, recommend or enter into an agreement in respect of such Superior Proposal, specifying the terms and conditions of such Superior Proposal and identifying the Person making such Superior Proposal, and (B) the date Red Pine received a copy of the document containing such Superior Proposal;
  - (iii) the Augustine Board has determined in good faith (after consultation with external legal counsel) that such action should be taken for the Augustine Board to properly discharge its fiduciary duties;
  - (iv) such Superior Proposal does not provide for the payment of any break, termination or other fee or expense to the Person making the Superior Proposal in

the event that Augustine completes the Arrangement on terms as amended pursuant to section 4.3(b) and the other transactions contemplated in this Agreement or any other transaction with Red Pine agreed to prior to the termination of this Agreement; and

- (v) taking into account any revised proposal made by Red Pine since receipt of the Superior Proposal Notice, such Superior Proposal remains a Superior Proposal and the Augustine Board has again made such determinations.

Notwithstanding any other provision herein, in the event that Augustine provides Red Pine with a Superior Proposal Notice on a date that is less than five (5) Business Days prior to the Augustine Meeting, Augustine shall adjourn the Augustine Meeting to a date that is not less than five (5) Business Days and not more than ten (10) Business Days after the date of receipt by Red Pine of the Superior Proposal Notice if Red Pine so requests by the earlier of (A) two (2) Business Days after receipt of the Superior Proposal Notice and (B) the time immediately prior to the commencement of the Augustine Meeting.

- (b) During the five (5) Business Day period referred to in paragraph 4.3(a)(ii) above, Red Pine shall have the right, but not the obligation, to offer to amend the terms of this Agreement. The Augustine Board shall review any proposal by Red Pine to amend the terms of this Agreement in good faith in order to determine whether Red Pine's amended proposal upon acceptance by Augustine would result in such Superior Proposal to which Red Pine is responding ceasing to be a Superior Proposal. If the Augustine Board so determines, Augustine shall enter into an amended agreement with Red Pine reflecting Red Pine's amended proposal. If the Augustine Board continues to believe, in good faith and after consultation with its financial advisor and external legal counsel, that such Superior Proposal to which Red Pine is responding continues to be a Superior Proposal and therefore rejects Red Pine's amended proposal, Augustine may, on termination of this Agreement in accordance with section 6.1(c), accept, approve, recommend or enter into an agreement, understanding or arrangement in respect of such Superior Proposal.
- (c) Augustine hereby acknowledges and agrees that each successive material modification of any Acquisition Proposal shall constitute a new Acquisition Proposal for purposes of section 4.2 and the requirement under section 4.3(a)(ii) to initiate an additional five (5) Business Day notice period.
- (d) Unless this Agreement has been terminated in accordance with its terms, if the Augustine Information Circular has been sent to the Augustine Shareholders prior to the expiry of the five (5) Business Day period set forth in section 4.3(a)(ii) and, during such period, Red Pine requests in writing that the Augustine Meeting proceed, unless otherwise ordered by the Court, Augustine shall continue to take all reasonable actions necessary to hold the Augustine Meeting and to cause the Arrangement to be voted on at the Augustine Meeting.

#### **Covenants of Red Pine**

- 4.4 Red Pine hereby covenants and agrees with Augustine that, until the earlier of the Effective Time and the time that this Agreement is terminated in accordance with its terms, except with the prior written consent of Augustine, which consent will not be unreasonably withheld, conditioned or

delayed, or other than as expressly contemplated or permitted by this Agreement or otherwise required by Applicable Law:

- (a) Red Pine shall conduct its business only in the ordinary course of business consistent with past practice and it shall use its commercially reasonable efforts to maintain and preserve its business organization, assets, goodwill, business relationships and relationships with its employees.
- (b) Red Pine shall keep Augustine fully informed as to all material decisions or actions required or required to be made with respect to the operation of the business of Red Pine, and will allow representatives of Augustine to provide input with respect to such decisions or actions. Red Pine shall grant the representatives of Augustine reasonable access to the Red Pine Properties up to three times and to the other assets of Red Pine as Augustine may request with reasonable notice.
- (c) Except for non-substantive communications and subject to confidentiality restrictions, Red Pine shall furnish promptly to Augustine a copy of (A) each notice, report, schedule or other document or written communication delivered or received by Red Pine in connection with this Agreement, the Arrangement and the Interim Order, and (B) any filings made under any Applicable Laws and any dealing or communications with any Governmental Entity, Securities Authority or stock exchange in connection with the completion of, or in any way affecting, the Arrangement and the other transactions contemplated by this Agreement.
- (d) Red Pine shall not take any action, or refrain from taking any action (subject to commercially reasonable efforts), or permit any action to be taken or not taken, inconsistent with the provisions of this Agreement or that would reasonably be expected to, individually or in the aggregate, prevent, materially delay or materially impede the completion of the Arrangement or the other transactions contemplated herein or would render, or that could reasonably be expected to render, any representation or warranty made by Red Pine in this Agreement untrue or inaccurate in any material respect at any time prior to the Effective Time if then made, or that would or could have a Material Adverse Effect on Red Pine.
- (e) Red Pine shall use commercially reasonable efforts to cause its current insurance (or reinsurance) policies not to be cancelled or terminated or any of the coverage thereunder to lapse, unless simultaneously with such termination, cancellation or lapse, replacement policies underwritten by insurance and re-insurance companies of internationally recognized standing providing coverage equal to or greater than the coverage under the cancelled, terminated or lapsed policies for substantially similar premiums are in full force and effect.
- (f) Red Pine shall use commercially reasonable efforts to, (i) to preserve intact its business organizations and the rights under its material contracts, (ii) to not do anything or fail to do anything which could lead to a breach under any material contract, (iii) to keep available the services of its officers, employees, agents and consultants as a group, (iv) to maintain satisfactory relationships with suppliers, distributors, customers and others having business relationships with it, and (v) to not take any action which could reasonably be expected to be prejudicial to the Red Pine Properties or any of the other material assets of Red Pine.

- (g) Red Pine will not engage in any business, enterprise or other activity different from that carried on by it at the date of this Agreement.
- (h) Red Pine will furnish to Augustine such information, in addition to the information contained in this Agreement, relating to Red Pine, the Red Pine Properties and other assets of Red Pine as may reasonably be requested by Augustine, and such information provided by Red Pine to Augustine when read together with all other information provided by Red Pine hereunder will be true and complete in all material respects.
- (i) Red Pine will promptly notify Augustine in writing if:
  - (i) Red Pine becomes aware that any of the representations and warranties of Red Pine in this Agreement is untrue or inaccurate in any material respect;
  - (ii) there has been, or is reasonably expected to be, any breach of any covenant or agreement of Red Pine contained in this Agreement; or
  - (iii) there has been a Material Adverse Change in respect of Red Pine.
- (j) Red Pine shall use all commercially reasonable efforts to take, or cause to be taken, all actions and to do, or cause to be done, all things necessary to consummate and make effective as promptly as is practicable the Arrangement and the other transactions contemplated in this Agreement, including defending all lawsuits or other legal, regulatory or other proceedings against Red Pine challenging or affecting this Agreement or the consummation of the transactions contemplated hereby and the execution and delivery of such documents as Augustine may reasonably request, and to use commercially reasonable efforts to obtain all necessary waivers, consents and approvals and to effect all necessary registrations and filings, including, but not limited to, approvals and filings under Applicable Securities Laws, including as required by the TSX-V, and submissions of information requested by Governmental Entities.
- (k) Subject to the terms and conditions of this Agreement and the Arrangement and Applicable Laws, pay the Augustine Consideration to be paid pursuant to the Arrangement at the Effective Time.
- (l) Red Pine shall not amend or propose to amend its constating documents.
- (m) Red Pine shall not split, combine or reclassify any of the Red Pine Shares or, other than in accordance with past practice, declare, set aside or pay any dividend or other distribution payable in cash, securities, property or otherwise with respect to the Red Pine Shares.
- (n) Red Pine shall prepare and file with the applicable Governmental Entity, all necessary applications required in order to permit the issue of Red Pine Shares as contemplated hereunder upon the Effective Date and upon the exercise of Augustine Warrants in accordance with the terms thereof.
- (o) Red Pine shall execute and deliver, or cause to be executed and delivered, such customary agreements, certificates, resolutions and other documents and instruments as may be requested by Augustine, all in form satisfactory to Augustine, acting reasonably,

necessary or required in order to complete the Arrangement.

### **Indemnities and Officer Obligations**

4.5 Red Pine agrees that if the Arrangement is completed it shall or it shall cause Augustine or any successor to Augustine to fulfil its obligations pursuant to indemnities provided or available to past and present officers and directors of Augustine pursuant to the provisions of the notice of articles and articles of Augustine, as of the date hereof, the OBCA or indemnity agreements in force as of the date hereof or to be entered immediate prior to the Effective Time with Red Pine's approval with such officers or directors, as set forth in Schedule "D" and copies of which have been provided to Red Pine. In addition, following completion of the Arrangement, Red Pine shall cause Augustine to honour all obligations under Augustine's existing employment agreements including by paying to the individuals party to such agreements, in each case, such amounts as are required by such agreements to be paid upon the consummation of a transaction such as the Arrangement pursuant to the terms of such agreements in effect on the date hereof pursuant to the terms of such agreements in effect on the date hereof as set out in the Augustine Disclosure Letter.

### **Third Party Beneficiaries**

4.6 The provisions of section 4.5 are:

- (a) intended for the benefit of all past and present directors and officers of Augustine and its predecessors, as and to the extent applicable in accordance with their terms, and shall be enforceable by each of such Persons and his or her heirs, executors, administrators and other legal representatives (collectively, the "**Third Party Beneficiaries**"); and Augustine and Red Pine shall hold the rights and benefits of section 4.5 in trust for and on behalf of the Third Party Beneficiaries and Red Pine and Augustine hereby accept such trust and agree to hold the benefit of and enforce performance of such covenants on behalf of the Third Party Beneficiaries; and
- (b) in addition to, and not in substitution for, any other rights that the Third Party Beneficiaries may have by contract or otherwise.

### **U.S. Securities Law Matters**

4.7 The Arrangement will be carried out with the intention that all Red Pine Shares issued on completion of the Arrangement to Augustine Shareholders will be issued by Red Pine in reliance on the exemption from the registration requirements of the 1933 Act provided by section 3(a)(10) of the 1933 Act (the "**Section 3(a)(10) Exemption**"). In order to ensure the availability of the Section 3(a)(10) Exemption, the Parties agree that the Arrangement will be carried out on the following basis:

- (a) the Court will be advised as to the intention of the Parties to rely on the Section 3(a)(10) Exemption prior to the hearing required to approve the Arrangement;
- (b) the Court will be required to satisfy itself as to the fairness of the Arrangement to the Augustine Shareholders subject to the Arrangement, and the Final Order approving the Arrangement that is obtained from the Court will expressly state that the Arrangement is approved by the Court as being fair to the Augustine Shareholders;

- (c) each Augustine Shareholder will be given adequate notice advising them of their right to attend the hearing of the Court to give approval of the Arrangement and providing them with sufficient information necessary for them to exercise that right and the Interim Order approving the Augustine Meeting will specify that each Augustine Shareholder will have the right to appear before the Court at the hearing of the Court to give approval of the Arrangement so long as they enter an appearance within a reasonable time;
- (d) the Augustine Shareholders will be advised that the Red Pine Shares issued pursuant to the Arrangement have not been registered under the 1933 Act and will be issued by Red Pine in reliance on the Section 3(a)(10) Exemption, and that certain restrictions on resale under the securities laws of the United States, including, as applicable, Rule 144 under the 1933 Act, may be applicable with respect to securities issued to affiliates of Red Pine; and
- (e) Augustine will request that the Final Order include a reference to the fact that the Court has been advised that the parties intend to rely upon the Final Order as a basis of a claim to an exemption, pursuant to section 3(a)(10) of the 1933 Act, from the registration requirements otherwise imposed by that act, regarding the distribution of securities of Red Pine pursuant to the Arrangement.

## **ARTICLE 5 CONDITIONS PRECEDENT**

### **Mutual Conditions Precedent of Augustine and Red Pine**

- 5.1 The respective obligations of the Parties to complete the Arrangement shall be subject to the satisfaction, at or before the Effective Time, of the following conditions precedent, each of which may only be waived, in whole or in part, by mutual consent of the Parties:
- (a) the Interim Order shall have been granted in form and substance satisfactory to the Parties, acting reasonably, and shall not have been set aside or modified in a manner unacceptable to the Parties, acting reasonably, on appeal or otherwise;
  - (b) Augustine Shareholders holding no more than 5% of the Augustine Shares shall have exercised their Dissent Rights;
  - (c) the Arrangement Resolution shall have been approved by the Augustine Shareholders at the Augustine Meeting in accordance with the provisions of the Interim Order and Applicable Laws;
  - (d) the Final Order shall have been granted in form and substance satisfactory to the Parties, acting reasonably, and shall not have been set aside or modified in a manner unacceptable to the Parties, acting reasonably, on appeal or otherwise;
  - (e) no Applicable Law will have been enacted, issued, promulgated, enforced, made, entered, issued or applied and no proceeding will otherwise have been taken under any Applicable Laws or by any Governmental Entities (whether temporary, preliminary or permanent) that makes the Arrangement illegal or otherwise directly or indirectly cease trades, enjoins, restrains or otherwise prohibits completion of the Arrangement;

- (f) the TSX-V and, if necessary, the CSE shall have conditionally approved the listing thereon of the Red Pine Shares to be issued pursuant to the Arrangement as of the Effective Date, or as soon as possible thereafter;
- (g) the distribution of the Red Pine Shares and any other securities of Red Pine issued in exchange for securities of Augustine in the United States pursuant to the Arrangement shall be exempt from registration requirements under the 1933 Act and, except with respect to Persons deemed “affiliates” of Red Pine under the 1933 Act and Persons deemed “affiliates” of Red Pine under the 1933 Act within ninety (90) days of the Effective Date, the Red Pine Shares and any other securities of Red Pine issued in exchange for securities of Augustine to be distributed in the United States pursuant to the Arrangement shall not be subject to resale restrictions in the United States under the 1933 Act, provided however, that Augustine Warrants and Augustine Options, or any Red Pine securities issued in exchange therefor, may not be exercised in the United States or behalf or for the benefit of, a U.S. Person or a Person in the United States, unless registered under the 1933 Act or an exemption is available from the registration requirements of the 1933 Act and any applicable state securities laws, and, if requested, the holder furnishes to Red Pine an opinion of counsel or other documentation satisfactory to Red Pine to such effect; and
- (h) this Agreement shall not have been terminated pursuant to Article 6.

#### **Conditions Precedent to Obligations of Augustine**

5.2 The obligation of Augustine to complete the Arrangement is subject to the satisfaction, on or before the Effective Time, of each of the following conditions, which conditions are for the sole benefit of Augustine and may be waived by Augustine in whole or in part by notice in writing to Red Pine without prejudice to the rights of Augustine to rely on any other condition:

- (a) there shall not have been or occurred a Material Adverse Effect with respect to Red Pine;
- (b) the representations and warranties made by Red Pine in this Agreement that are qualified by references to materiality or the expression “Material Adverse Change” or “Material Adverse Effect” shall be true and correct as of the Effective Time as if made on and as of such date (except to the extent that such representations and warranties speak as of an earlier date, in which event such representations and warranties shall be true and correct as of such earlier date), and all other representations and warranties made by Red Pine in this Agreement that are not so qualified shall be true and correct in all material respects as of the Effective Date as if made on and as of such date (except to the extent that such representations and warranties speak as of an earlier date, in which event such representations and warranties shall be true and correct as of such earlier date), in either case, except where any failures or breaches of representations and warranties would not, either individually or in the aggregate, in the reasonable judgment of Augustine, have a Material Adverse Effect on, or constitute a Material Adverse Change in respect of, Red Pine, and Red Pine shall have provided to Augustine a certificate of two officers (without personal liability) thereof certifying such accuracy. No representation or warranty made by Red Pine hereunder shall be deemed not to be true and correct if the facts or circumstances that make such representation or warranty untrue or incorrect are disclosed or referred to in the Red Pine Disclosure Letter, or provided for or stated to be exceptions under this Agreement; and

- (c) Red Pine shall have fulfilled or complied in all material respects with its obligations, covenants and agreements herein to be fulfilled or complied with by it on or prior to the Effective Time, and Red Pine shall have delivered to Augustine a certificate of two officers (without personal liability) thereof confirming same addressed to Augustine and dated the Effective Date.

### **Conditions Precedent to Obligations of Red Pine**

5.3 The obligation of Red Pine to complete the Arrangement is subject to the satisfaction of each of the following conditions on or before the Effective Time, which conditions are for the sole benefit of Red Pine and may be waived by it in whole or in part by notice in writing to Augustine without prejudice to the rights of Red Pine to rely on any other condition:

- (a) there shall not have been or occurred a Material Adverse Effect with respect to Augustine;
- (b) the representations and warranties made by Augustine in this Agreement that are qualified by references to materiality or the expression “Material Adverse Change” or “Material Adverse Effect” shall be true and correct as of the Effective Time as if made on and as of such date (except to the extent that such representations and warranties speak as of an earlier date, in which event such representations and warranties shall be true and correct as of such earlier date), and all other representations and warranties made by Augustine in this Agreement that are not so qualified shall be true and correct in all material respects as of the Effective Date as if made on and as of such date (except to the extent that such representations and warranties speak as of an earlier date, in which event such representations and warranties shall be true and correct as of such earlier date), in either case, except where any failures or breaches of representations and warranties would not, either individually or in the aggregate, in the reasonable judgment of Red Pine, have a Material Adverse Effect on, or constitute a Material Adverse Change in respect of, Augustine, and Augustine shall have provided to Red Pine a certificate of two officers (without personal liability) thereof certifying such accuracy. No representation or warranty made by Augustine hereunder shall be deemed not to be true and correct if the facts or circumstances that make such representation or warranty untrue or incorrect are disclosed or referred to in the Augustine Disclosure Letter, or provided for or stated to be exceptions under this Agreement;
- (c) Augustine shall have fulfilled or complied in all material respects with its obligations, covenants and agreements herein to be fulfilled or complied with by it on or prior to the Effective Time, and Augustine shall have delivered to Red Pine a certificate of two officers (without personal liability) thereof confirming same addressed to Red Pine and dated the Effective Date;
- (d) Augustine Shareholders holding no more than 5% of the outstanding Augustine Shares shall have exercised their Dissent Rights (and not withdrawn such exercise) and Red Pine shall have received a certificate dated the day immediately preceding the Effective Time of two officers of Augustine to such effect;
- (e) each of the Lock-up Agreements shall not have been terminated unless such termination is as a result of the breach by Red Pine of any representations, warranties, covenants or other obligations thereunder; and

- (f) subject to the terms of this Agreement, the Augustine Board shall not have withdrawn, modified, qualified or changed in a manner adverse to Red Pine, or publicly stated that it intends to withdraw, modify, qualify or change in a manner adverse to Red Pine, its recommendation to Augustine Shareholders that they vote in favour of the Arrangement Resolution.

### **Co-operation**

- 5.4 Each of the Parties will use all reasonable efforts to satisfy each of the conditions precedent to be satisfied by it and take, or cause to be taken, all other actions and do, or cause to be done, all other things necessary, proper or advisable under Applicable Laws to permit the completion of the Arrangement and the other transactions contemplated in this Agreement in accordance with the provisions of this Agreement and to complete and make effective the Arrangement and the other transactions contemplated in this Agreement and to co-operate with each other in connection with the foregoing.

### **Notice and Cure Provisions**

- 5.5 Each Party shall give prompt notice to the other Party of the occurrence, or failure to occur, at any time from the date hereof until the earlier of the termination of this Agreement and the Effective Time, of any event or state of facts which occurrence or failure would be likely to or could:
  - (a) cause any of the representations or warranties of such Party contained herein to be untrue or inaccurate in any material respect between the date hereof and the Effective Time (provided that this paragraph shall not apply in the case of any event or state of facts resulting from inactions or omissions of Augustine which are permitted or required by this Agreement);
  - (b) result in the failure to comply with or satisfy any covenant or agreement to be complied with or satisfied by such Party prior to the Effective Time; or
  - (c) result in the failure to satisfy any of the conditions precedent in favour of the other Party hereto contained in section 5.1, 5.2 or 5.3, as the case may be.

Subject as herein provided, a Party may elect not to complete the Arrangement pursuant to the conditions contained in section 5.1, 5.2 or 5.3 in favour of such Party or exercise any termination right arising therefrom; provided, however, that:

- (d) promptly, and in any event prior to the Effective Date, the Party intending to rely thereon has delivered a written notice to the other Party specifying in reasonable detail the breaches of covenants or untruthfulness or inaccuracy of representations and warranties or other matters which the Party delivering such notice is asserting as the basis for non-completion of the Arrangement or the exercise of the termination right, as the case may be; and
- (e) if any such notice is delivered, and a Party is proceeding diligently, at its own expense, to cure such matter, if such matter is susceptible to being cured, the Party which has delivered such notice may not terminate this Agreement until the earlier of the Termination Deadline and the expiration of a period of fifteen (15) days from the date of delivery of such notice, provided that, if such notice has been delivered prior to the date

of the Augustine Meeting, the Augustine Meeting shall be adjourned or postponed until the expiry of such period.

### **Merger of Conditions**

- 5.6 The conditions set out in sections 5.1, 5.2 or 5.3 shall be conclusively deemed to have been satisfied, fulfilled or waived at the Effective Time.

## **ARTICLE 6 TERMINATION AND AMENDMENT**

### **Rights of Termination**

- 6.1 This Agreement may be terminated at any time prior to the Effective Date (notwithstanding any approval of this Agreement or the Arrangement Resolution by the Augustine Shareholders or of the Arrangement by the Court):
- (a) by the mutual written consent and agreement of Augustine and Red Pine;
  - (b) by Red Pine if (i) subject to there not having occurred a Material Adverse Effect on or with respect to Red Pine, the Augustine Board shall have withdrawn, modified or changed in a manner adverse to Red Pine its approval or recommendation of the Arrangement (including as contemplated by sections 4.2 and 4.3), (ii) the Augustine Board shall have approved or recommended an Acquisition Proposal, including for greater certainty upon the failure by Red Pine to exercise its right under section 4.3(b) to match a Superior Proposal, or (iii) the Augustine Board proposes publicly to take any action contemplated by (i) or (ii) above;
  - (c) by Augustine in order to enter into a definitive written agreement (other than a confidentiality and standstill agreement as contemplated by section 4.2(c)(v)) with respect to a Superior Proposal, subject to compliance with this agreement including section 4.3;
  - (d) by Augustine or Red Pine if the Augustine Shareholder Approval shall not have been obtained at the Augustine Meeting;
  - (e) by Red Pine if Augustine shall have failed to hold the Augustine Meeting on or before February 28, 2017, unless such failure results from (i) delays in obtaining all required regulatory approvals that are beyond the control of Augustine, (ii) Red Pine having breached its obligations under this Agreement, (iii) an order issued by a Governmental Entity or Augustine otherwise complying with Applicable Laws, or (iv) an adjournment or postponement of the Augustine Meeting (1) in the circumstances described in section 4.3(a), or (2) pursuant to section 5.5(e);
  - (f) by Red Pine if there is a breach by Augustine or any of its directors, officers, advisors, agents or any other representative thereof of any of the covenants provided in paragraph 4.1(e)(v), section 4.2 or 4.3, in each case, prior to the Effective Date;

- (g) subject to section 5.5, by Red Pine if Red Pine is not in material breach of its obligations under this Agreement and Augustine breaches any of its representations, warranties, covenants or agreements contained in this Agreement, which breach would give rise to the failure of a condition set forth in section 5.1 or 5.3; or
- (h) subject to section 5.5, by Augustine if Augustine is not in material breach of its obligations under this Agreement and Red Pine breaches any of its representations, warranties, covenants or agreements contained in this Agreement, which breach would give rise to the failure of a condition set forth in section 5.1 or 5.2.

### **Termination Deadline**

- 6.2 If the Effective Date does not occur on or before the Termination Deadline, this Agreement will terminate on notice by either Party to the other Party. The right to terminate this Agreement under this section 6.2 shall not be available to any Party whose action or failure to act has been a principal cause of or resulted in the failure of the Effective Date to occur on or before the Termination Deadline and such action or failure to act constitutes a breach of this Agreement.
- 6.3 This Agreement and the Plan of Arrangement may, at any time and from time to time before or after the holding of the Augustine Meeting but not later than the Effective Time, be amended by mutual written agreement of the Parties, and any such amendment may, subject to the Interim Order and the Final Order and Applicable Laws, without limitation:
- (a) change the time for the performance of any of the obligations or acts of any of the Parties;
  - (b) waive any inaccuracies or modify any of the representations or warranties contained herein or in any document delivered pursuant hereto;
  - (c) waive compliance with or modify any of the covenants herein contained and waive or modify the performance of any of the obligations of any of the Parties; or
  - (d) waive compliance with or modify any mutual conditions precedent herein contained.

### **Waiver**

- 6.4 At any time prior to the Effective Date, any Party may, by written instrument:
- (a) extend the time for the performance of any of the obligations or other acts of the other Party; or
  - (b) waive compliance with any of the covenants or agreements of the other Party or with any conditions to its own obligations, but in each case only to the extent such obligations, agreements and conditions are intended for its benefit.

### **Remedies**

- 6.5 The Parties acknowledge and agree that an award of money damages may be inadequate for any breach of this Agreement by any Party or its representatives and advisors and that such breach may cause the non-breaching Party irreparable harm. Accordingly, the Parties agree that, in the

event of any such breach or threatened breach of this Agreement by one of the Parties, Red Pine (if Augustine is the breaching Party) or Augustine (if Red Pine is the breaching Party) will be entitled, without the requirement of posting a bond or other security, to seek equitable relief, including injunctive relief and specific performance. Subject to any other provision hereof, such remedies will not be the exclusive remedies for any breach of this Agreement but will be in addition to all other remedies available hereunder or at law or in equity to each of the Parties.

## **ARTICLE 7 GENERAL**

### **Notice**

- 7.1 All notices, requests, demands and other communications hereunder shall be deemed to have been given and made if in writing and if served by personal delivery upon the Party hereto for whom it is intended, or if sent by facsimile transmission, upon receipt of confirmation that such transmission has been received, to the Person at the address set forth below, or such other address as may be designated in writing hereafter, in the same manner, by such Person.

If to Red Pine:

141 Adelaide Street West  
Suite 520  
Toronto, Ontario M5H 3L5

Attention: Quentin Yarie, President & CEO  
Fax: 1-416-364-2753

with a copy to:

Wildeboer Dellelce LLP  
Suite 800, 365 Bay Street  
Toronto, Ontario M5H 2V1

Attention: Al Wiens  
Fax: 1-416-361-1790

If to Augustine:

141 Adelaide Street West  
Suite 520  
Toronto, Ontario M5H 3L5

Attention: Dexter John, Chairman of the Special Committee  
Fax: 1-866-288-3582

with a copy to:

DLA Piper (Canada) LLP  
Suite 6000, 1 First Canadian Place  
PO Box 367, 100 King St W

Toronto ON M5X 1E2

Attention: Vaughn MacLellan  
Fax: 416-777-7438

Any such notice, direction or other instrument, whether personally delivered or transmitted by facsimile transmission, shall be deemed to have been given and received at the time and on the date on which it was personally delivered to or received in the office of the addressee, as the case may be, if personally delivered or transmitted prior to 5:00 p.m. (at the place of the addressee) on a Business Day or, if personally delivered or transmitted later than that time, at 9:00 a.m. (at the place of the addressee) on the subsequent Business Day. Any Party may change its address for service from time to time by notice given to the other Party in accordance with the foregoing. Any notice, direction or other instrument personally delivered or transmitted under this Agreement shall be signed by one or more officers of the Party delivering it.

### **Binding Effect**

7.2 This Agreement shall be binding upon and enure to the benefit of the Parties and their respective successors.

### **No Assignment**

7.3 This Agreement may not be assigned by any Party without the prior written consent of the other Party.

### **Public Statements**

7.4 Neither Party shall make any announcement regarding the Arrangement or the other transactions contemplated herein which has not been previously reviewed and commented on by the other Party, except that either Party may issue a press release or make a filing with a regulatory authority if external legal counsel for such Party advises that such press release or filing is necessary in order to comply with Applicable Laws or the rules and policies of any stock exchange, in which case such Party will first make a reasonable effort to obtain the approval of the other Party. Red Pine and Augustine shall issue a joint press release with respect to this Agreement and the Arrangement promptly following the execution of this Agreement, the text of such announcement to be in a form approved by each of Red Pine and Augustine in advance, acting reasonably and without delay.

### **Entire Agreement**

7.5 This Agreement constitutes the entire agreement between the Parties and supersedes all other prior agreements, negotiations, discussions, understandings and undertakings, both written and oral, between the Parties relating to the subject matter hereof.

### **Time of Essence**

7.6 Time shall be of the essence of this Agreement.

## **Severability**

- 7.7 If any provision of this Agreement, or the application thereof, is determined for any reason and to any extent to be invalid or unenforceable, the remainder of this Agreement and the application of such provision to other Persons and circumstances shall remain in full force and effect, provided that the legal or economic substance of the transactions contemplated hereby is not thereby affected in a manner adverse to either Party.

## **Counterpart Executions and Facsimile Transmissions**

- 7.8 This Agreement may be executed in counterparts, each of which when delivered (whether in originally executed form or by facsimile or other electronic transmission) shall be deemed to be an original and all of which together shall constitute one and the same document.

## **Fees and Expenses**

- 7.9 Each Party hereto shall be responsible for its own fees and expenses relating to the Arrangement and the other transactions contemplated herein including, without limitation, regulatory fees and fees of professional advisers, including legal counsel, financial advisers and auditors.

## **Investigation**

- 7.10 Any investigation by a Party and its advisers shall not mitigate, diminish or affect the representations and warranties of the other Party contained in this Agreement or any document or certificate given pursuant thereto.

## **Further Assurances**

- 7.11 The Parties will do all such further acts and things and will execute such further documents and agreements as may be necessary to give effect to the terms and conditions of this Agreement.

## **Waiver**

- 7.12 Any waiver or release of any of the provisions of this Agreement, to be effective, must be in writing executed by the Party granting such waiver or release.

## **Governing Law**

- 7.13 This Agreement shall be governed by and construed in accordance with the laws of the Province of Ontario and the federal laws of Canada applicable therein. Each of the Parties irrevocably attorns to the non-exclusive jurisdiction of the courts of the Province of Ontario.

**[Remainder of page intentionally left blank.]**



## SCHEDULE A

### PLAN OF ARRANGEMENT UNDER SECTION 182 OF THE *BUSINESS CORPORATIONS ACT* (ONTARIO)

#### 1. INTERPRETATION

- (a) Definitions: In this Plan of Arrangement, unless the context otherwise requires, the following words and terms shall have the meanings hereinafter set out:
- (i) “**Arrangement**” means the arrangement under the provisions of section 182 of the OBCA on the terms and conditions set forth in this Plan of Arrangement, subject to any amendment or supplement hereto made in accordance herewith or made at the direction of the Court in the Final Order;
  - (ii) “**Arrangement Agreement**” means the Arrangement Agreement dated November 14, 2016 between Red Pine and Augustine, together with the schedules thereto and the schedules attached thereto, as amended, amended and restated or supplemented from time to time in accordance with the terms thereof;
  - (iii) “**Arrangement Application**” means the arrangement application to be filed with the Director by Augustine that includes all records required to be filed with the Director to give effect to each provision of the Arrangement, including an entered copy of the Final Order;
  - (iv) “**Arrangement Resolution**” means the special resolution of Augustine Shareholders approving the Arrangement as required by the Interim Order;
  - (v) “**Articles of Arrangement**” means the articles of arrangement of Augustine in respect of the Arrangement, required by the OBCA to be sent to the Director after the Final Order is made, which shall include this Plan of Arrangement and otherwise be in a form and content satisfactory to the Parties, each acting reasonably;
  - (vi) “**Augustine**” means Augustine Ventures Inc., a corporation existing under the laws of the Province of Ontario;
  - (vii) “**Augustine Consideration**” means the consideration to be received pursuant to the Plan of Arrangement in respect of each Augustine Share that is issued and outstanding immediately prior to step 3(a)(iv) of the Plan of Arrangement, comprising 0.76 of a Red Pine Share for each Augustine Share;
  - (viii) “**Augustine Meeting**” means special meeting of Augustine Shareholders, including any adjournment or adjournments or postponement or postponements thereof, to be held for the purpose of obtaining approval by Augustine Shareholders of the Arrangement Resolution;
  - (ix) “**Augustine Shareholder**” means a Person who is a registered holder of Augustine Shares as shown on the share register of Augustine and, for the purposes of the Arrangement, is a registered holder of Augustine Shares immediately prior to the Effective Time;

- (x) “**Augustine Shares**” means the common shares which Augustine is authorized to issue as presently constituted;
- (xi) “**Augustine Warrantholders**” means the holders of Augustine Warrants immediately prior to the Effective Time;
- (xii) “**Augustine Warrants**” means the warrants to purchase Augustine Shares;
- (xiii) “**Business Day**” means a day which is not a Saturday, Sunday or civic or statutory holiday in Toronto, Ontario;
- (xiv) “**Court**” means the Ontario Superior Court of Justice;
- (xv) “**Depository**” means TSX Trust Company, or any other trust company, bank or financial institution agreed to in writing between the Parties for the purpose of, among other things, exchanging certificates representing Augustine Shares for the Augustine Consideration in connection with the Arrangement;
- (xvi) “**Director**” means the Director appointed pursuant to section 278 of the OBCA;
- (xvii) “**Dissent Procedures**” has the meaning ascribed thereto in section 4;
- (xviii) “**Dissent Rights**” has the meaning ascribed thereto in section 4;
- (xix) “**Dissenting Augustine Shareholder**” means an Augustine Shareholder who has properly and validly exercised Dissent Rights in strict compliance with the Dissent Procedures and who has not withdrawn or been deemed to have withdrawn such dissent, but only in respect of the Augustine Shares in respect of which Dissent Rights are validly exercised by such Augustine Shareholder, such Augustine Shares referred to as “**Dissent Augustine Shares**”;
- (xx) “**Effective Date**” means the date a certified copy of the Final Order has been filed with the Director, together with the Arrangement Application;
- (xxi) “**Effective Time**” means 12:01 a.m., Toronto time, on the Effective Date or such other time agreed to by the Parties in writing;
- (xxii) “**Encumbrance**” means any mortgage, hypothec, pledge, assignment, charge, lien, claim, security interest, adverse interest, other third Person interest or encumbrance of any kind, whether contingent or absolute, and any agreement, option, right or privilege (whether by law, contract or otherwise) capable of becoming any of the foregoing;
- (xxiii) “**Final Order**” means the final order of the Court approving the Arrangement, as such order may be amended by the Court (with the consent of both Red Pine and Augustine, each acting reasonably) at any time prior to the Effective Date or, if appealed, then unless such appeal is withdrawn or denied, as affirmed or as amended (provided that any such amendment is acceptable to both Red Pine and Augustine, each acting reasonably) on appeal;
- (xxiv) “**Final Proscription Date**” shall have the meaning ascribed to such term in section 5(g);

- (xxv) “**Interim Order**” means the interim order of the Court, in a form acceptable to Augustine and Red Pine, each acting reasonably, providing for, among other things, the calling and holding of the Augustine Meeting, as such order may be amended, supplemented or varied by the Court (with the consent of Augustine and Red Pine, each acting reasonably);
  - (xxvi) “**Letter of Transmittal**” means the letter of transmittal delivered to the Augustine Shareholders providing for the delivery of the Augustine Shares to the Depositary;
  - (xxvii) “**Person**” means any individual, corporation, firm, partnership (including, without limitation, a limited partnership), sole proprietorship, syndicate, joint venture, trustee, trust, unincorporated organization or association, Governmental Entity, tribunal or any other entity or organization whether or not having legal status;
  - (xxviii) “**Plan of Arrangement**” means this plan of arrangement and any amendments or variations hereto made in accordance with the Arrangement Agreement or this plan of arrangement or made at the direction of the Court;
  - (xxix) “**Red Pine**” means Red Pine Exploration Inc., a corporation existing under the laws of the Province of Ontario;
  - (xxx) “**Red Pine Shares**” means the common shares which Red Pine is authorized to issue as presently constituted;
  - (xxxi) “**Tax Act**” means the *Income Tax Act* (Canada), as amended, and the regulations thereunder, as amended; and
  - (xxxii) “**Taxing Authority**” has the meaning ascribed thereto in the Arrangement Agreement.
- (b) Interpretation Not Affected by Headings. The headings contained in this Plan of Arrangement are for convenience of reference only and shall not affect in any way the meaning or interpretation of this Plan of Arrangement. The terms “**this Plan of Arrangement**”, “**hereof**”, “**herein**”, “**hereto**”, “**hereunder**” and similar expressions refer to this Plan of Arrangement and not to any particular article, section, subsection, paragraph, subparagraph, clause or sub-clause hereof and include any agreement or instrument supplementary or ancillary hereto.
  - (c) Date for any Action. If the date on which any action is required to be taken hereunder is not a Business Day, such action shall be required to be taken on the next succeeding day which is a Business Day.
  - (d) Number and Gender. In this Plan of Arrangement, unless the context otherwise requires, words importing the singular include the plural and vice versa and words importing gender include both genders and neuter.
  - (e) References to Persons and Statutes. A reference to a Person includes any successor to that Person. A reference to any statute includes all regulations made pursuant to such statute and the provisions of any statute or regulation which amends, supplements or supersedes any such statute or regulation.

- (f) Currency. Unless otherwise stated, all references herein to amounts of money are expressed in lawful money of Canada.

## 2. **ARRANGEMENT AGREEMENT**

This Plan of Arrangement is made pursuant to and subject to the provisions of the Arrangement Agreement. At the Effective Time, the Arrangement shall be binding upon Red Pine, Augustine, the Augustine Shareholders and Augustine Warrantholders.

## 3. **THE ARRANGEMENT**

- (a) The Arrangement. At the Effective Time, the following shall occur and shall be deemed to occur in the following order without any further act or formality:
- (i) the Augustine Warrants, if outstanding immediately prior to the Effective Time, will remain outstanding in accordance with their terms and will be exercisable to acquire Red Pine Shares based on the Augustine Consideration, adjusted accordingly;
  - (ii) **[INTENTIONALLY DELETED];**
  - (iii) each Augustine Share in respect of which Dissent Rights have been validly exercised before the Effective Time shall be transferred and deemed to be transferred by the registered holder thereof, without any further act or formality on its part, free and clear of all Encumbrances, to Augustine for cancellation in consideration for the right to be paid by Augustine fair value for its Augustine Shares in an amount determined and payable in accordance with the Dissent Procedures (subject to applicable solvency requirements), and the name of such holder will be removed from the register of holders of Augustine Shares at the Effective Time (in respect of the Augustine Shares for which Dissent Rights have been validly exercised before the Effective Time); and
  - (iv) each Augustine Share outstanding immediately prior to the Effective Time (other than Dissent Augustine Shares or any Augustine Shares held by Red Pine or its subsidiaries) shall be transferred to Red Pine, and in consideration therefor Red Pine shall issue the Augustine Consideration for each Augustine Share so transferred, subject to sections 3(b) and section 5, and each Augustine Shareholder's name shall be removed from the share register of Augustine as at the Effective Time; and Red Pine shall be recorded as the registered holder of the Augustine Shares so transferred and shall be deemed to be the legal and beneficial owner of such Augustine Shares free and clear of any Encumbrances.
- (b) No Fractional Shares. Following the Effective Time, if the aggregate number of Red Pine Shares to which a former Augustine Shareholder would otherwise be entitled pursuant to paragraph 3(a)(iv) or the number of Red Pine Shares that would otherwise be subject to an Augustine Warrant pursuant to paragraph 3(a)(i), respectively, is not a whole number, then the number of Red Pine Shares shall be rounded down to the next whole number and no compensation will be paid to the former Augustine Shareholder or former holders of Augustine Warrants, as the case may be, in respect of such fractional Red Pine Share.

#### 4. **RIGHTS OF DISSENT**

Augustine Shareholders shall be entitled to exercise dissent rights (“**Dissent Rights**”) with respect to the Augustine Shares pursuant to and in the manner set forth in section 185 of the OBCA, as modified by the Interim Order and this section 4; provided, however, the written objection to the Arrangement Resolution referred to in section 185(6) of the OBCA must be received by Augustine not later than 5:00 p.m. (Toronto time) two Business Days immediately preceding the date of the Augustine Meeting (as adjourned or postponed from time to time) and shall otherwise comply with the provisions of the OBCA (the “**Dissent Procedures**”).

If the Arrangement is concluded, a Dissenting Augustine Shareholder shall be entitled to be paid by Augustine the fair value of the Dissent Augustine Shares held by such Dissenting Augustine Shareholder in respect of which such Dissenting Augustine Shareholder dissents in accordance with the Dissent Procedures, provided that any such Dissenting Augustine Shareholder who exercises such Dissent Rights and who:

- (a) is ultimately entitled to be paid fair value for its Augustine Shares, shall be deemed to have transferred its Augustine Shares to Augustine for cancellation pursuant to section 3(a)(iii), and shall not be entitled to any other payment or consideration, including any payment under the Arrangement to which such Dissenting Augustine Shareholder would have been entitled had it not exercised its Dissent Rights; or
- (b) is for any reason ultimately not entitled to be paid the fair value for its Augustine Shares, shall be deemed to have participated in the Arrangement as of the Effective Time on the same terms and as a non-dissenting Augustine Shareholder and shall be issued only the same consideration which an Augustine Shareholder is entitled to receive under the Arrangement as if such Dissenting Augustine Shareholder would not have exercised Dissent Rights.

In no case shall Red Pine, Augustine or any other Person be required to recognize any Dissenting Augustine Shareholder as an Augustine Shareholder at or after the Effective Time, and the names of such Dissenting Augustine Shareholders shall be removed from the central securities register of Augustine at the Effective Time and any Augustine Shares held by Dissenting Augustine Shareholders shall be purchased by Augustine and cancelled.

#### 5. **DELIVERY OF AUGUSTINE CONSIDERATION**

- (a) Letter of Transmittal. The Depositary will forward to each Augustine Shareholder, at the address of such Augustine Shareholder as it appears on the register for Augustine Shares, a Letter of Transmittal and instructions for obtaining delivery of the certificates representing the Red Pine Shares allotted and issued to such Augustine Shareholder pursuant to the Arrangement.
- (b) Entitlement to Augustine Consideration.
  - (i) Upon surrender to the Depositary for cancellation of a certificate which immediately prior to the Effective Time represented one or more Augustine Shares which were exchanged for the Augustine Consideration in accordance with section 3, together with a completed Letter of Transmittal and such other documents and instruments as would have been required to effect the transfer of the Augustine Shares formerly represented by such certificate under the OBCA or the articles of Augustine and such additional documents

and instruments as the Depositary may reasonably require, the holder of such surrendered certificate shall be entitled to receive in exchange therefor, and the Depositary shall deliver to such Augustine Shareholder following the Effective Time, certificates for the Red Pine Shares representing the Augustine Consideration to which such Augustine Shareholder is entitled to receive in accordance with section 3.

- (ii) After the Effective Time and until surrendered for cancellation as contemplated by paragraph 5(b)(i), each certificate which immediately prior to the Effective Time represented one or more Augustine Shares shall be deemed at all times to represent only the right to receive in exchange therefor the Augustine Consideration to which the holder of such certificate is entitled to receive in accordance with paragraph 5(b)(i).
- (c) Lost Certificates. In the event that any certificate which immediately prior to the Effective Time represented one or more Augustine Shares which were exchanged for the Augustine Consideration in accordance with section 3 shall have been lost, stolen or destroyed, upon the making of an affidavit of that fact by the holder claiming such certificate to be lost, stolen or destroyed, the Depositary shall deliver in exchange for such lost, stolen or destroyed certificate, certificates representing the Red Pine Shares which such Augustine Shareholder is entitled to receive as the Augustine Consideration in accordance with section 3. When authorizing such delivery of certificates for the Red Pine Shares representing the Augustine Consideration which such Augustine Shareholder is entitled to receive in exchange for such lost, stolen or destroyed certificate, the Shareholder to whom certificates representing such Red Pine Shares are to be delivered shall, as a condition precedent to the delivery of such Red Pine Shares, give a bond satisfactory to Red Pine and the Depositary in such amount as Red Pine and the Depositary may direct, or otherwise indemnify Red Pine and the Depositary in a manner satisfactory to Red Pine and the Depositary, against any claim that may be made against Red Pine or the Depositary with respect to the certificate alleged to have been lost, stolen or destroyed and shall otherwise take such actions as may be required by the articles of Augustine.
- (d) Termination of Rights. Any certificate formerly representing Augustine Shares that is not deposited, with all other documents as provided in this section 5 on or before the sixth anniversary of the Effective Date, shall cease to represent any claim or interest of any kind or nature against Red Pine, Augustine or the Depositary.
- (e) Dividends or other Distributions. No dividends or distributions declared or made after the Effective Date with respect to Red Pine Shares with a record date after the Effective Date will be payable or paid to the holder of any unsurrendered certificate or certificates which, immediately prior to the Effective Date, represented outstanding Augustine Shares unless and until the holder of such certificate shall have complied with the provisions of this section 5. Subject to Applicable Laws and to this section 5, at the time of such compliance, there shall, in addition to the delivery of a certificate representing the Red Pine Shares to which such holder is thereby entitled, be delivered to such holder, without interest, the amount of the dividend or other distribution with a record date after the Effective Time theretofore paid with respect such Red Pine Shares.
- (f) Withholding Rights. Red Pine, Augustine and the Depositary shall be entitled to deduct and withhold from any consideration payable or otherwise deliverable to any person hereunder such amounts as Red Pine, Augustine or the Depositary is required or permitted to deduct and withhold with respect to such payment under the Tax Act, U.S. Tax Code or any provision of any applicable federal, provincial, state, local or foreign tax law, in each case, as amended. To the extent that amounts are so withheld, such withheld amounts shall be treated for all purposes

hereof as having been paid to the Augustine Shareholder in respect of which such deduction and withholding was made, provided that such withheld amounts are actually remitted to the appropriate Taxing Authority.

- (g) Limitation and Proscription. To the extent that a former Augustine Shareholder shall not have complied with the provisions of section 5(b) or section 5(c) on or before the date which is six (6) years after the Effective Date (the “**Final Proscription Date**”), then:
- (i) any Red Pine Shares which such former Augustine Shareholder was entitled to receive shall be automatically cancelled without any repayment of capital in respect thereof and the certificates representing such Red Pine Shares shall be delivered to Red Pine by the Depositary for cancellation and shall be cancelled by Red Pine, and the interest of the former Augustine Shareholder in such Red Pine Shares shall be terminated as of such Final Proscription Date; and
  - (ii) any dividends or distributions which such former Augustine Shareholder was entitled to receive under section 5(e) shall be delivered by the Depositary to Red Pine and such dividends or distributions shall be deemed to be owned by Red Pine, and the interest of the former Augustine Shareholder in such dividends or distributions shall be terminated as of such Final Proscription Date.
- (h) U.S. Securities Laws Exemption. Notwithstanding any provision herein to the contrary, Red Pine and Augustine agree that the Arrangement will be carried out with the intention that all Red Pine Shares issued on completion of the Arrangement to the Augustine Shareholders will be issued by Red Pine in reliance on the exemption from the registration requirements of the U.S. Securities Act of 1933, as amended, as provided by section 3(a)(10) thereof.

## 6. **GENERAL**

- (a) Amendment.
- (i) Red Pine and Augustine reserve the right to amend, modify and/or supplement this Plan of Arrangement at any time and from time to time prior to the Effective Date, provided that any amendment, modification or supplement must be contained in a written document which is filed with the Court and: (i) approved by the Court, and (ii) if the Court directs, approved by the Augustine Shareholders, and, in any event, communicated to them, and, in either case, in the manner required by the Court.
  - (ii) Any amendment, modification or supplement to this Plan of Arrangement that is approved or directed by the Court will be effective only if it is consented to by Augustine and Red Pine and, if required by the Court, by the Augustine Shareholders.
  - (iii) Notwithstanding the foregoing provisions of this section 6, no amendment, modification or supplement of this Plan of Arrangement may be made prior to the Effective Time except in accordance with the terms of the Arrangement Agreement.
- (b) Further Assurances. Notwithstanding that the transactions and events set out in this Plan of Arrangement shall occur and be deemed to have occurred in the order set out herein, without any further act or formality, each of the parties to the Arrangement Agreement shall make, do and execute, or cause to be made, done and executed, all such further acts, deeds, agreements,

transfers, assurances, instruments or documents as may reasonably be required by any of them in order to implement this Plan of Arrangement and to further document or evidence any of the transactions or events set out herein.

## **SCHEDULE B**

### **DIRECTORS AND OFFICERS OF RED PINE**

The following are all of the directors and officers of Red Pine:

***Directors:***

Elgin Wolfe

Quentin Yarie

Joseph Heng

Brent Nykoliation

Myles Johnson

***Officers:***

Quentin Yarie – President and Chief Executive Officer

Marc Johnson – Chief Financial Officer

Joe Heng – Corporate Secretary

**SCHEDULE C**

**RED PINE PROPERTIES**

As disclosed in the Red Pine Disclosure Letter.

## **SCHEDULE D**

### **DIRECTORS AND OFFICERS OF AUGUSTINE**

The following are all of the directors and officers of Augustine:

***Directors:***

G. Michael Newman

Robert B. Dodds

Rick Bonner

John Sadowski

Dexter John

***Officers:***

Robert B. Dodds – President, Chief Executive Officer and Corporate Secretary

Khurram R. Qureshi – Chief Financial Officer

**SCHEDULE E**

**AUGUSTINE PROPERTIES**

As disclosed in the Augustine Disclosure Letter.

**SCHEDULE F**

**LOCKED-UP SHAREHOLDERS**

Robert B. Dodds

Charles Gargano

Michael White

William White

Michael Newman

Margaret Wade

2094332 Ontario Limited (o/a Oakville Resources)

## SCHEDULE G

### RESOLUTION OF THE SHAREHOLDERS OF AUGUSTINE VENTURES INC. (the “Company”)

BE IT RESOLVED AS A SPECIAL RESOLUTION THAT:

- A. The arrangement (as it may be modified or amended, the “**Arrangement**”) under Section 182 of the *Business Corporations Act* (Ontario) (the “**OBCA**”) involving the Company pursuant to the arrangement agreement (the “**Arrangement Agreement**”) between the Company and Red Pine Exploration Inc. (“**Red Pine**”) dated November 14, 2016, all as more particularly described and to be set forth in the management information circular of the Company (the “**Circular**”) accompanied by the notice of the meeting (as the Arrangement may be modified or amended in accordance with its terms), is hereby authorized, approved, adopted and agreed to.
- B. The plan of arrangement, as it has been or may be modified or amended in accordance with the Arrangement Agreement and its terms, involving the Company (the “**Plan of Arrangement**”), the full text of which is set out as a schedule to the Arrangement Agreement, is hereby authorized, approved and adopted.
- C. The Arrangement Agreement, as it may be amended from time to time, and all of the transactions contemplated therein, the actions of the directors of the Company in approving the Arrangement and the Arrangement Agreement and the actions of the directors and officers of the Company in executing and delivering the Arrangement Agreement and causing the performance by the Company of its obligations thereunder are hereby confirmed, ratified, authorized and approved.
- D. Notwithstanding that this resolution has been passed (and the Arrangement approved and agreed to) by shareholders of the Company or that the Arrangement has been approved by the Ontario Superior Court of Justice (Commercial List) (the “**Court**”), the directors of the Company are hereby authorized and empowered, at their discretion, without further notice to or approval of the Company’s shareholders: (a) to amend or modify the Arrangement Agreement or the Plan of Arrangement to the extent permitted by the Arrangement Agreement; and (b) subject to the terms of the Arrangement Agreement, not to proceed with the Arrangement.
- E. Any officer or director of the Company is hereby authorized and directed for and on behalf of the Company to make an application to the Court for an order approving the Arrangement and to execute, under the corporate seal of the Company or otherwise, and to deliver or cause to be delivered, for filing with the Director under the OBCA, articles of arrangement and such other documents as are necessary or desirable to give effect to the Arrangement and the Plan of Arrangement in accordance with the Arrangement Agreement, such determination to be conclusively evidenced by the execution and delivery of such articles of arrangement and any such other documents.
- F. Any officer or director of the Company is hereby authorized and directed for and on behalf of the Company to execute or cause to be executed and to deliver or cause to be delivered, all such other documents and instruments and to perform or cause to be performed all such other acts and things as, in such person’s opinion, may be necessary or desirable to give full force and effect to the foregoing resolutions and the matters authorized thereby, such determination to be conclusively evidenced by the execution and delivery of such other document or instrument or the doing of any other such act or thing.

## **SCHEDULE H**

### **DIRECTORS AND OFFICERS OF THE RESULTING ISSUER**

***Directors:***

Elgin Wolfe (Chair) (Red Pine Nominee)

Quentin Yarie (Red Pine Nominee)

Robert B. Dodds (Augustine Nominee)

G. Michael Newman (Augustine Nominee)

Augustine Nominee

Red Pine Nominee

Red Pine Nominee

***Officers:***

Quentin Yarie – President and Chief Executive Officer

Marc Johnson – Chief Financial Officer

Robert B. Dodds – Executive Director of Mine Development