



**OBAN MINING CORPORATION**

ANNUAL INFORMATION FORM  
FOR THE FINANCIAL YEAR ENDED DECEMBER 31, 2015

March 15, 2016

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## INTRODUCTORY NOTES

### Cautionary Statement Regarding Forward-Looking Information

This annual information form (this "AIF") contains or incorporates by reference forward-looking statements and forward-looking information within the meaning of applicable Canadian securities laws, which are based on expectations, estimates and projections as of the date hereof. This forward-looking information includes, or may be based upon, without limitation, estimates, forecasts and statements as to management's expectations with respect to, among other things, the generation of revenues by Oban Mining Corporation (the "**Corporation**" or "**Oban**"), the timing and amount of funding required to execute the Corporation's exploration, development and business plans; capital and exploration expenditures; the effect on the Corporation of any changes to existing legislation or policy; government regulation of exploration, development and mining operations; the length of time required to obtain permits, certifications and approvals; the success of exploration, development and mining activities; the geology of the Corporation's properties; environmental risks; the availability of labour; the focus of the Corporation in the future; the future payment by the Corporation of dividends; demand and market outlook for precious metals and the prices thereof; progress in development of mineral properties; the Corporation's ability to raise funding privately or on a public market in the future; the Corporation's future growth; results of operations and performance; and business prospects and opportunities. Wherever possible, words such as "anticipate", "believe", "expect", "intend", "may", "plan" and similar expressions have been used to identify such forward-looking information. Forward-looking information is based on the opinions and estimates of management at the date the information is given, and on information available to management at such time. Forward-looking information involves significant risks, uncertainties, assumptions and other factors that could cause actual results, performance or achievements to differ materially from the results discussed or implied in the forward-looking information. These factors, including, but not limited to, those factors discussed herein under "*Description of the Business - Risk Factors*", include fluctuations in currency markets, fluctuations in commodity prices, the ability of the Corporation to access sufficient capital on favourable terms or at all, changes in national and local government legislation, taxation, controls and regulations, political or economic developments in Canada or in other countries in which the Corporation does business or may carry on business in the future, operating or technical difficulties in connection with exploration or development activities, employee relations, the speculative nature of mineral exploration and development, obtaining necessary licenses and permits, diminishing quantities and grades of mineral reserves (if any), contests over title to properties, especially title to undeveloped properties, the inherent risks involved in the exploration and development of mineral properties, the uncertainties involved in interpreting drill results and other geological data, environmental hazards, industrial accidents, unusual or unexpected formations, pressures, cave-ins and flooding, limitations of insurance coverage and the possibility of project cost overruns or unanticipated costs and expenses, and should be considered carefully. Many of these uncertainties and contingencies can affect the Corporation's actual results and could cause actual results to differ materially from those expressed or implied in any forward-looking statements made by, or on behalf of, the Corporation. Prospective investors should not place undue reliance on any forward-looking information. Although the forward-looking information contained in this AIF is based upon what management believes, or believed at the time, to be reasonable assumptions, there can be no assurance that actual results will be consistent with such forward-looking information, as there may be other factors that cause results not to be as anticipated, estimated or intended. Neither the

Corporation nor any other person assumes responsibility for the accuracy and completeness of any such forward-looking information. The Corporation does not undertake, and assumes no obligation, to update or revise any such forward-looking statements or forward-looking information contained herein to reflect new events or circumstances, except as may be required by securities laws.

### **Currency and Exchange Rate Information**

In this AIF, unless otherwise indicated, all references to "\$" or "dollars" refer to Canadian dollars, all references to "US\$" refer to United States dollars.

The high, low and average exchange rates for the United States dollar (US\$) in terms of Canadian dollars for each of the years ended December 31, 2015, 2014 and 2013, as reported by the Bank of Canada ([www.bankofcanada.ca](http://www.bankofcanada.ca)), were as follows:

	<b>Year Ended December 31, 2015 (\$)</b>	<b>Year Ended December 31, 2014 (\$)</b>	<b>Year Ended December 31, 2013 (\$)</b>
Average	1.2787	1.1045	1.0299
High	1.3990	1.1643	1.0697
Low	1.1728	1.0614	0.9839

As at March 15, 2016 the Bank of Canada closing exchange rate was US\$1.00 = \$1.34 or \$1.00 = US\$0.75.

## Technical Abbreviations

Unless the context otherwise requires, technical terms or abbreviations not otherwise defined in this AIF shall have the following meanings:

Abbreviation	Definition
Ag	Silver
As	Arsenic
Au	Gold
Bi	Bismuth
CIM	Canadian Institute of Mining, Metallurgy and Petroleum
Cu	Copper
°	Degree(s)
DEM	Digital Elevation Model
GPS	Global Positioning System
g	Gram(s)
g/t	Gram(s) per tonne
> , <	Greater than, less than
ha	Hectare(s)
63.5 mm	HQ – diameter of drill core
ISO	International Organization for Standardization
K	Potassium
kg	Kilogram(s)
km	Kilometre(s)
m	Metre(s)
Ma	Million Years
masl	Metre(s) above sea level
mm	Millimetre(s)
' , "	Minutes, seconds
Mo	Molybdenum
Mt	Million tonnes
NSR	Net smelter return
'ore'	Ore – gold-bearing material mined by artisanal workers <sup>(1)</sup>
Oreas	Ore assay standards
oz	Ounce(s)
Pb	Lead
ppb	Parts per billion
ppm	Parts per million
%	Percent(age)
QA/QC	Quality Assurance / Quality Control
UTM	Universal Transverse Mercator
WGS-84 Datum	Coordinate System
Zn	Zinc

Note:

- (1) Ore in the context of past and present artisanal mining does not imply economic value in the context of commercial mining.

## CORPORATE STRUCTURE

### The Corporation

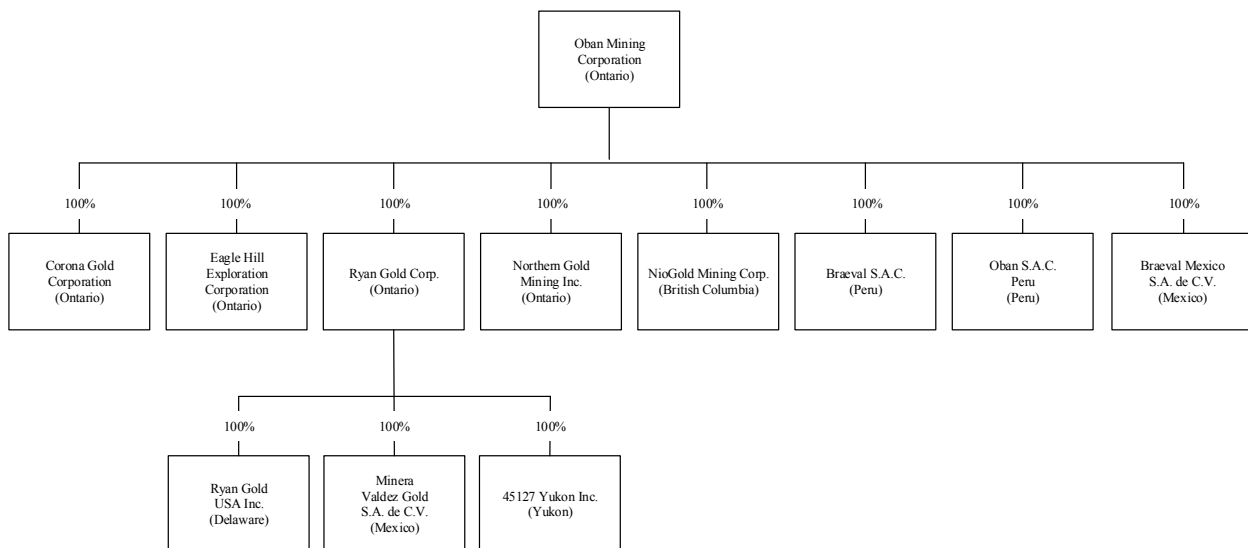
The Corporation was registered and incorporated under the *Business Corporations Act* (Ontario) on February 26, 2010 under the name "Braeval Mining Corporation". Pursuant to articles of amendment dated June 9, 2011, the Corporation increased the minimum number of directors from one to three, removed restrictions on the transfer of its common shares ("**Common Shares**"), and removed the limit on the number of shareholders. In connection with the 2014 Arrangement, the Corporation filed articles of amendment to consolidate the Common Shares on the basis of one post-consolidation Common Share for each 3.14 pre-consolidation Common Shares and filed articles of amendment to change the name of the Corporation to "Oban Mining Corporation" (see "*Description of the Business – Three Year History – 2014*"). Following the completion of the 2015 Arrangement on August 25, 2015, the Corporation filed articles of amendment to consolidate the Common Shares on the basis of one post-consolidation Common Share for every 20 pre-consolidation Common Shares (see "*Description of the Business – Three Year History – 2015*").

On December 20, 2012, the Corporation completed the initial public offering of the Common Shares. The Common Shares were listed for trading on the Toronto Stock Exchange (the "**TSX**") under the symbol "BVL" until the Common Shares began trading under the symbol "OBM" in connection with the completion of the 2014 Arrangement. See "*Market for Securities*".

The Corporation's registered and head office is located at 155 University Avenue, Suite 1440, Toronto, Ontario M5H 3B7.

### Intercorporate Relationships

Set out below is the corporate structure of the Corporation and its subsidiaries, including the jurisdiction in which each subsidiary was formed and the percentage of shares of each of the subsidiaries owned, controlled or directed by its parent company.



The Corporation's interest in the Windfall Lake Project is held through its wholly-owned subsidiary, Eagle Hill Exploration Corporation ("**Eagle Hill**"), which the Corporation acquired under the 2015 Arrangement (see "*Description of the Business – Three Year History – 2015*"). The Corporation's interest in the Marban Block Project is held through its wholly-owned subsidiary, NioGold Mining Corp. ("**NioGold**") acquired under the NioGold Arrangement (see "*Description of the Business – Three Year History – Events Subsequent to 2015.*")

## DESCRIPTION OF THE BUSINESS

### Introduction

The Corporation is a mineral exploration company focused on the acquisition, exploration and development of precious metals resource properties in Canada. The Corporation's flagship projects are the high-grade Windfall Lake gold deposit located between Val-d'Or and Chibougamau in Québec (the "**Windfall Lake Project**") and the Marban Block property located between Val-d'Or and Malartic in Québec (the "**Marban Block Project**").

The Corporation also holds a 100% interest in the Roach Property and in the Garrison Property, and holds options with other third parties to acquire a 100% undivided interest in the Cote Property, all of which are located in northern Ontario. The Corporation also holds a 100% undivided interest in a large area of claims in the Urban Barry area of Québec.

The Corporation previously held interests in several properties in Peru; however, in 2015, decided to terminate its interest in each of its remaining projects in order to focus in Canada.

### Three Year History

The Corporation was incorporated on February 26, 2010, and its primary focus has since been to acquire, explore and, if appropriate, develop precious metals properties in the Americas and, most recently, with a focus in Canada. The following is a summary of the Corporation's development over the three most recently completed financial years.

#### 2013

On January 10, 2013, the Corporation entered into an option agreement in respect of two Santa Elvira concessions, which agreement was subsequently terminated by the Corporation, following the results obtained from the reconnaissance and preliminary drilling performed.

On January 17, 2013, the Corporation appointed Robert Wares to the board of directors.

On July 23, 2013, the Corporation gave cancellation notice to the respective owners of the titles covering the Snow Mine Project in Colombia, terminating each of the option agreements pursuant to which the Corporation held its interests in the Snow Mine Project.

On September 10, 2013, through Braeval Mexico S.A. de C.V. ("**Braeval Mexico**"), the Corporation entered into a memorandum of understanding with Minera Fumarola, S.A. de C.V., a subsidiary of Prospero Silver Corporation ("**Prospero**"), in relation to certain mining concessions known as the Plomosa lot, which claims a project area in the State of Hidalgo known as El Petate



Project (the "**Fumarola MOU**"). Pursuant to the Fumarola MOU, the Corporation and Prospero agreed, subject to TSX and other regulatory approvals, to execute a definitive agreement whereby the Corporation will have exclusive rights to exploration at the El Petate Project and an option to incorporate a joint venture company over El Petate following the completion of a 48 month earn in through cash payments totalling US\$1,415,000, 2,000,000 Common Shares and the completion of a defined work program. Upon signing, the Corporation made a minimum commitment of US\$50,000 and agreed to drill at least 2,500 metres. The Fumarola MOU provided the Corporation with an initial interest of 58% in the El Petate Project and an option, contingent on Prospero not maintaining its 42% interest, to acquire up to a 75% interest. The Corporation conducted a reconnaissance program and, in January 2014, after obtaining preliminary results, decided not to pursue this project by terminating the Fumarola MOU.

## **2014**

On January 14, 2014, following the results obtained from the reconnaissance work and preliminary drilling performed, the Corporation decided to terminate its option agreement in respect of certain concessions comprising the Guaynopa Project in Mexico, returning its interest in the property to the owner.

On April 14, 2014, the Corporation completed a Arrangement (the "**2014 Arrangement**") pursuant to a business combination agreement (the "**2014 Arrangement Agreement**") dated February 21, 2014 between the Corporation, Oban Exploration Limited ("**OEL**") and 2407574 Ontario Inc. ("**Braeval Subco**"), a wholly-owned subsidiary of the Corporation. The 2014 Arrangement was effected by way of a three-cornered amalgamation, whereby OEL amalgamated with Braeval Subco, resulting in the Corporation acquiring all of OEL's assets, and former holders of OEL shares received Common Shares. Approximately 70% of the Common Shares following the completion of the 2014 Arrangement were held by former shareholders of OEL and approximately 30% were held by former shareholders of the Corporation.

In connection with the completion of the 2014 Arrangement, the Common Shares were consolidated on the basis of one post-consolidation Common Share for each 3.14 pre-consolidation Common Shares and the Corporation changed its name to "Oban Mining Corporation". The Common Shares began trading on the TSX under the symbol "OBM" following the completion of the 2014 Arrangement and Bernardo Calderon, a director of OEL, was added to the board of directors of the Corporation, increasing the size of the board of directors to six. In connection with the 2014 Arrangement, holders of options to acquire common shares of OEL received options to acquire Common Shares and the OEL options were terminated. As a result, an aggregate of 7,040,000 such replacement options were issued.

The 2014 Arrangement was a "related party transaction" for the purposes of Multilateral Instrument 61-101 ("**MI 61-101**"), as Jose Vizquerra and John Burzynski, directors of the Corporation were also directors and shareholders of OEL and Jose Vizquerra, Blair Zaritsky, and Gernot Wober, the executive officers of the Corporation, were also executive officers of OEL. The Corporation received the approval of disinterested shareholders in respect of the 2014 Arrangement, as required by MI 61-101. The Corporation filed a business acquisition report on June 25, 2014 in connection with the 2014 Arrangement, a copy of which can be viewed on SEDAR at [www.sedar.com](http://www.sedar.com).

On August 5, 2014, the Corporation announced that Teck Peru S.A. ("**Teck**") decided to terminate its option agreement (the "**Teck Agreement**") with respect to the Marcahui property in Peru (the "**Marcahui Project**"). Pursuant to the Teck Agreement, Teck had the option to acquire a 75% interest in the Marcahui Project by incurring an aggregate of USD\$6,000,000 in exploration expenditures. Teck had completed their initial drilling campaign and advised the Corporation of its termination of the Teck Agreement. The Corporation re-negotiated an extension of the remaining option payment on the property with the titleholder for one year.

On October 21, 2014, the Corporation announced that it will take steps to formally terminate its option agreement with Mitsui Mining & Smelting Co. Ltd ("**Mitsui**") with respect to the Antamayo Project in Peru.

## **2015**

On February 2, 2015, the Corporation entered into an option agreement with a non-related company entitling the Corporation to acquire an undivided 100% interest of the Kirkland Lake property, located in northern Ontario, for an aggregate payment of \$130,000. The Corporation made a first option payment of \$65,000 upon signing, with an additional option payment of \$65,000 due on the first anniversary date upon signing. The property is subject to an existing royalty granted to a third party for certain claims, which can be purchased for \$500,000, and also a 2% net smelter royalty ("**NSR**") granted to another entity.

On February 4, 2015, the Corporation entered into an option agreement with a non-related company entitling the Corporation to acquire an undivided 100% interest of the Hunter property which is part of the Cote Property, located in northern Ontario, for an aggregate payment of \$150,000. The Corporation made a first option payment of \$20,000 upon signing, with additional option payments due of \$30,000 on the first anniversary date upon signing, \$45,000 on the second anniversary date upon signing, and \$55,000 on the first anniversary date upon signing. The property is also subject to a 2% NSR, which can be purchased for \$1,000,000 per 1% NSR.

On February 22, 2015, the Corporation entered into an option agreement with Northstar Gold Corporation ("**Northstar**") to acquire up to 70% undivided interest of the Miller property (the "**Miller Property**"), located in north-eastern Ontario. Under the terms of the agreement, the Corporation was able to earn up to a 51% interest in the Miller Property by subscribing for \$300,000 in common shares of Northstar at \$0.10 per share, and making payments of \$510,000 and incurring expenditures of \$2,490,000 over three years. The Corporation would have been entitled to earn a further 9% interest by making a payment of \$300,000 and incurring expenditures equal to \$1,700,000 by the fifth anniversary, and a further 10% by the sixth anniversary for payment of \$700,000 and expenditures equal to a further \$1,300,000, and at the option of the Corporation, either a \$1,300,000 payment or commitment to fund the Miller Property through to completion of a pre-feasibility study. The Corporation completed the acquisition of Northstar shares on March 3, 2015. On December 18, 2015, the Corporation decided not to pursue further expenditures in respect of the Miller Property and terminated the option agreement.

On February 23, 2015, the Corporation signed an agreement with a non-related company to acquire the undivided 100% interest of the Olsen property which also forms part of the Cote Property, located in northern Ontario, for an aggregate payment of \$50,000, which was completed upon

signing. The property is subject to a 1% NSR, which can be purchased for \$500,000 for each of the patented land that conforms the property.

On April 23, 2015, the Corporation completed a non-brokered private placement of 5,000,000 Common Shares at a price of \$0.10 per Common Share and an additional 15,000,000 Common Shares issued as "flow-through shares" within the meaning of the *Income Tax Act* (Canada) ("**Flow-Through Shares**") at a price of \$0.10 per Flow-Through Share for aggregate gross proceeds of \$2,000,000. On April 27, 2015, the Corporation completed a further private placement of 5,000,000 Flow-Through Shares at a price of \$0.10 per Flow-Through Share for aggregate gross proceeds of \$500,000.

On June 8, 2015, the Corporation entered into binding letter agreements with each of Eagle Hill, Ryan Gold Corp. ("**Ryan**") and Corona Gold Corporation ("**Corona**") (collectively, the "**Binding LOIs**") and Temex Resources Corp. ("**Temex**") (the "**Temex Binding LOI**") setting out the terms and conditions of the proposed acquisition of each of Eagle Hill, Ryan, Corona and Temex by the Corporation. On June 29, 2015, the Corporation entered into a definitive arrangement agreement with Eagle Hill, Ryan and Corona (the "**Three Party Arrangement Agreement**") and entered into a definitive arrangement agreement with Temex (the "**Temex Arrangement Agreement**"), in respect of the acquisition by the Corporation of each of Eagle Hill, Ryan, Corona and Temex, on substantially the terms set forth in the Binding LOIs and the Temex Binding LOI.

In connection with the entering into of the Binding LOIs, the Corporation entered into a binding term sheet (the "**Binding Osisko Term Sheet**") with Osisko, pursuant to which, among other things, Osisko agreed to subscribe for up to 181,818,181 Common Shares at a subscription price of \$0.11 per Common Share for aggregate gross proceeds of up to \$20,000,000; provided that such subscription would be reduced to ensure that in no event would it result in Osisko (together with its affiliates and joint actors) at any time owning more than 19% of the outstanding Common Shares (the "**Osisko Private Placement**").

On July 7, 2015, the Corporation announced the completion of the acquisition pursuant to purchase agreements dated July 6, 2015 of an aggregate of 6,527,274 Common Shares ("**BonTerra Shares**") of BonTerra Resources Inc. ("**BonTerra**") at a price of \$0.135 per BonTerra Share for an aggregate purchase price of \$881,182. The BonTerra Shares were acquired in connection with the completion of (i) a private placement conducted by BonTerra pursuant to which BonTerra issued and sold 3,000,000 units of BonTerra (the "**BonTerra Units**"), with each BonTerra Unit comprised of one BonTerra Share and one warrant entitling the holder thereof to subscribe for one BonTerra Share (the "**BonTerra Unit Placement**"), (ii) a private placement conducted by BonTerra pursuant to which BonTerra issued and sold 6,527,274 BonTerra Shares issued as flow-through shares (the "**BonTerra Flow-Through Share Placement**"), and (iii) a private placement pursuant to which BonTerra issued and sold 2,083,350 units of BonTerra (the "**BonTerra FT Units**"), with each BonTerra FT Unit comprised of one BonTerra flow-through share and one warrant entitling the holder thereof to subscribe for one BonTerra Share (the "**BonTerra Flow-Through Unit Placement**" and, together with the BonTerra Unit Placement and the BonTerra Flow-Through Share Placement, the "**BonTerra Placements**"). The BonTerra Shares acquired by the Corporation represented 19.9% of the issued and outstanding BonTerra Shares after giving effect to the completion of the BonTerra Placements. Pursuant to an agreement between the

Corporation and BonTerra, the Corporation has the right to nominate one member to BonTerra's board of directors.

On July 16, 2015, Temex announced that it received an alternative proposal (the "**Lake Shore Proposal**") from Lake Shore Gold Corporation to acquire all of the outstanding common shares of Temex by way of a court-approved plan of arrangement and that the Temex board had determined that the Lake Shore Proposal was a "superior proposal" as defined in the Temex Arrangement Agreement. Pursuant to the terms of the Temex Arrangement Agreement, the Corporation had a period of ten business days to match the Lake Shore Proposal. This matching period expired on July 30, 2015, following which date the Temex Arrangement Agreement was terminated.

On August 25, 2015, the Corporation announced the completion of the acquisition by the Corporation of all of the common shares of each of Eagle Hill, Ryan and Corona by way of a court approved plan of arrangement (the "**2015 Arrangement**"). Under the 2015 Arrangement, after giving effect to the Common Share consolidation noted below, (i) former holders of Eagle Hill common shares received 0.5 of a Common Share and 0.25 of a common share purchase warrant (an "**Arrangement Warrant**") in exchange for each common share of Eagle Hill held, (ii) former holders of Ryan common shares received 0.094 Common Shares in exchange for each common share of Ryan held, and (iii) former holders of Corona common shares received 0.38355 Common Shares in exchange for each common share of Corona held. All of the options to acquire common shares of Eagle Hill, Ryan and Corona not previously exercised were cancelled on completion of the 2015 Arrangement and each warrant to acquire common shares of Eagle Hill not exercised prior to the effective time of the 2015 Arrangement thereafter entitled the holder thereof to receive, on the exercise of such warrant, such number of Common Shares (on a post-consolidation basis) as is equal to the product obtained when (A) the number of Eagle Hill shares subject to such warrant immediately prior to the effective time of the 2015 Arrangement is multiplied by (B) 0.5. The Arrangement Warrants are governed by the terms of a warrant indenture dated August 24, 2015 between the Corporation and Equity Financial Trust Company (the "**2015 Warrant Indenture**"), which is available under the Corporation's issuer profile on SEDAR. The Arrangement Warrants commenced trading on the TSX under the symbol "OBM.WT" on August 27, 2015.

Concurrently with the completion of the 2015 Arrangement, the Corporation completed the Osisko Private Placement, pursuant to which Osisko subscribed for (on a pre-consolidation basis) 161,750,984 Common Shares at a price of \$0.11 per share for an aggregate subscription price of approximately \$17.8 million. On completion of the Osisko Private Placement, the Corporation entered into an investment agreement with Osisko (the "**Investment Agreement**"), pursuant to which the Corporation granted to Osisko, subject to certain conditions, a participation right, board nomination rights, rights of first financing, a grant of a royalty option, royalty/streaming rights and a royalty repurchase right.

On completion of the 2015 Arrangement and the Osisko Private Placement, Sean Roosen, Ned Goodman, David Christie and Murray John were added as additional directors of the Corporation, John F. Burzynski was appointed as President and CEO of the Corporation and Jose Vizquerra, the previous President and CEO, moved into the role of Senior Vice President of Corporate Development and COO of the Corporation.

On August 25, 2015, following the completion of the 2015 Arrangement and the Osisko Private Placement, the Corporation effected the consolidation of the Common Shares on the basis of one post-consolidation Common Share for each 20 pre-consolidation Common Shares.

On September 30, 2015, the Corporation announced the completion of a private placement of 8,427,500 flow-through common shares of the Corporation, including 1,377,500 flow-through shares issued on the exercise of the underwriter's option, at a price of \$1.55 per flow-through share for aggregate proceeds of \$13,062,625. The offering was underwritten by Dundee Securities Ltd. ("**Dundee Securities**") and carried out pursuant to the terms and conditions of an underwriting agreement dated September 30, 2015 between the Corporation and Dundee Securities (the "**2015 Underwriting Agreement**").

On November 5, 2015, the Corporation announced the completion of an acquisition, pursuant to a share purchase agreement with Pinetree Resources Partnership ("**Pinetree**"), of 7,000,000 common shares ("**ValGold Shares**") of ValGold Resources Inc. ("**ValGold**") at a price of \$0.01 per ValGold Share, for total consideration of \$70,000, resulting in the Corporation holding approximately 18.3% of the total issued and outstanding ValGold Shares.

On November 6, 2015, the Corporation announced the entering into of an arrangement agreement (the "**Northern Arrangement Agreement**") with Northern Gold Mining Inc. ("**Northern**"), in respect of the acquisition by the Corporation all of the issued and outstanding common shares of Northern in exchange for, in the aggregate, 4,000,000 Common Shares pursuant to a statutory plan of arrangement under Section 182 of the OBCA (the "**Northern Gold Arrangement**").

On November 11, 2015, the Corporation announced the proposed acquisition, pursuant to a debenture purchase agreement with Pinetree, of a Series A Secured Convertible Debenture (the "**Convertible Debenture**") of ValGold in the principal amount of \$50,000, with a one-year term maturing on December 1, 2015 and an annual interest rate of 10%, for total consideration of \$55,000.

On November 11, 2015, Oban announced that it has agreed to acquire 4,930,000 common shares of Metals Creek Resources Corp. ("**MEK Shares**") for total consideration of approximately \$346,850, of which (i) 1,760,000 MEK Shares were to be acquired pursuant to a subscription agreement with Metals Creek Resources Corp., and (ii) 3,170,000 MEK Shares, issued as "flow-through shares", were to be acquired pursuant to a purchase agreement dated November 11, 2015. Pursuant to the subscription agreement, the Corporation was granted the right to nominate one member to the board of directors of Metals Creek Resources Corp.

On December 8, 2015, the Corporation announced that it had agreed to acquire 100% of the DeSantis Property held by Excellon Resources Inc. ("**Excellon**") in the Porcupine Mining Division, Ogden Township, Ontario in exchange for 850,000 Common Shares. It is expected that this transaction will close during the second quarter of 2016.

### ***Events Subsequent to 2015***

On January 11, 2016, Oban entered into an arrangement agreement with NioGold (the "**NioGold Arrangement Agreement**"), setting forth the terms and conditions for the acquisition by the Corporation of all of the common shares of NioGold ("**NioGold Shares**") by way of a plan of

arrangement (the "**NioGold Arrangement**"). Under the terms of the NioGold Arrangement, former shareholders of NioGold (other than any the Corporation and any dissenting NioGold shareholders) received 0.4167 of a Common Share in exchange for each NioGold Share held. All of the outstanding options and warrants to acquire NioGold Shares that were not exercised into NioGold Shares prior to the NioGold Arrangement were exchanged for replacement options or warrants, as the case may be, to acquire 0.4167 of a Common Share multiplied by the number of NioGold Shares the holder would otherwise have been entitled to acquire. Concurrently with the entering into of the NioGold Arrangement Agreement, Oban also entered into an agreement with Dundee Securities with respect to a private placement of subscription receipts. The NioGold Arrangement was completed on March 11, 2016.

On February 1, 2016, the Corporation announced the completion of an acquisition, pursuant to which the Corporation acquired ownership of an aggregate of 18,300,000 common shares in the capital of IDM Mining in exchange for consideration of \$1,000,000 in cash and 100% of the Corporation's Yukon properties (being the property acquired by the Corporation on August 25, 2015 as a result of the acquisition of Ryan) (the "**IDM Transaction**"). In addition, pursuant to the IDM Transaction, the Corporation has been granted a 1% NSR over the Yukon properties transferred to IDM Mining. Pursuant to the IDM Transaction, the Corporation has also been granted certain other rights for as long as the Corporation holds common shares in the capital of IDM Mining ("**IDM Shares**") equal to at least 10% of the issued and outstanding IDM Shares on a non-diluted basis, including that the Corporation will (i) have the right to participate in future equity financings by IDM Mining on a pro rata basis, (ii) be entitled to nominate one director to be put forward on the management slate of directors at any meeting of shareholders of IDM Mining, and (iii) have a thirty (30) day right of first refusal over any sale of any royalty, royalty buy-back, stream, forward, off-take, gold loan or other agreement involving the sale of a similar interest in products that IDM Mining proposes to enter into from time to time.

On February 3, 2016, the Corporation completed the issuance and sale of 10,521,700 subscription receipts ("**Subscription Receipts**") at a subscription price of \$1.20 per Subscription Receipt for gross proceeds of \$12,626,040 (the "**Subscription Receipt Offering**"). The Subscription Receipt Offering was completed on a private placement basis through a syndicate of agents led by Dundee Securities, and including Beacon Securities Limited, Medalist Capital Ltd., Cormark Securities Inc., Haywood Securities Inc. and M Partners Inc. pursuant to the terms and conditions of an agency agreement dated February 3, 2016 between the Corporation and each of the agents (the "**2016 Agency Agreement**")

Each Subscription Receipt purchased under the Subscription Receipt Offering entitled the holder thereof to receive, for no additional consideration and without further action on the part of the holder thereof, on or about the date (the "**Conversion Date**") that the escrow release conditions (being the completion of the NioGold Arrangement and the receipt of the requisite shareholder approvals) are satisfied, a unit comprised of (i) one Common Share and (ii) one common share purchase warrant of the Corporation (each a "**Unit Warrant**"). Each Unit Warrant is exercisable into one Common Share for a period of thirty-six (36) months from the closing date of the Subscription Receipt Offering at an exercise price of \$1.44, subject to early expiry in certain circumstances. The Unit Warrants are governed by a warrant indenture dated February 3, 2016 between the Corporation and Equity Financial Trust Company (the "**2016 Warrant Indenture**"). Following the completion of the NioGold Arrangement on March 11, 2016, each Subscription

Receipt was deemed to have automatically converted into a unit comprised of one Common Share and one Unit Warrant and the net proceeds of the Subscription Receipt Offering were released to the Corporation, all in accordance with the terms of the subscription receipt agreement dated February 3, 2016 between the Corporation, Dundee Securities and Equity Financial Trust Company (the "**Subscription Receipt Agreement**").

On February 3, 2016, the Corporation announced that it entered into a binding letter of intent with Multi-Ressources Boréal ("**M-R Boréal**") to acquire 100% of the Souart property, located in the Urban Barry greenstone belt, in Souart and Barry Townships, Québec (the "**Souart Acquisition**"). Under the terms of the Souart Acquisition, M-R Boréal will receive consideration of 500,000 Common Shares and a cash payment of \$200,000 in exchange for 100% ownership of the 33 claims that comprise the Souart property. M-R Boréal will maintain a 2% NSR royalty over the Souart property, which can be redeemed by the Corporation, at any time, for \$2,000,000. The Souart Acquisition is subject to the approval of the TSX. It is expected that the Souart Acquisition will be completed in the second quarter of 2016.

## **MINERAL PROJECTS**

The Corporation's two flagship projects are the Windfall Lake Project and the Marban Block Project. Further details relating to these two projects are provided below.

### **Windfall Lake Project**

Information relating to Windfall Lake Project is supported by the Windfall Lake Preliminary Economic Assessment ("**Windfall Lake PEA**") titled "Preliminary Economic Assessment of the Windfall Lake Gold Property, Québec, Canada", with an effective date of April 28, 2015, prepared by: for Tetra Tech Inc.'s Canadian Mining Division ("**TetraTech**"), Mike McLaughlin, P.Eng (mining); for Golder, Rodrigue Ouellet, Eng (Environment); for WSP Canada Inc. ("**WSP**"), Marie-Claude Dion, Eng (tailings and water storage facility); for Soutex Inc. ("**Soutex**"), Pierre Roy, Eng (metallurgy and processing).

The Windfall Lake PEA is subject to certain assumptions, qualifications and procedures described therein. Reference should be made to the full text of the Windfall Lake PEA, which has been filed with Canadian securities regulatory authorities pursuant to National Instrument 43-101 ("**NI 43-101**") and is available for review under Eagle Hill's issuer profile on SEDAR at [www.sedar.com](http://www.sedar.com). The Windfall Lake PEA is not and shall not be deemed to be incorporated by reference in this AIF.

Where appropriate, certain information contained in this AIF updates information derived from the Windfall Lake PEA. Any updates to the scientific or technical information derived from the Windfall Lake PEA and any other scientific or technical information in respect of the Windfall Lake Project contained in this AIF were prepared by or under the supervision of Gernot Wober, B.Sc., P.Geol., a "qualified person" within the meaning of NI 43-101.

### ***Introduction***

In September 2014, Eagle Hill retained TetraTech to complete a Preliminary Economic Assessment for the Windfall Lake Project.

The following are excerpts and/or a summary of certain portions of the Windfall Lake PEA and are qualified by and should be read together with the Windfall Lake PEA in full for a complete set of references and authorities for the statements made in this AIF. The Windfall Lake PEA contains tables and data that are not included in this summary.

TetraTech prepared the Windfall Lake PEA for Eagle Hill, which incorporates work by the following independent consultants: for TetraTech, Mike McLaughlin, PEng (mining); for Golder, Rodrigue Ouellet, Eng (Environment); for WSP, Marie-Claude Dion, Eng (tailings and water storage facility); for Soutex, Pierre Roy, Eng (metallurgy and processing). The geological model was constructed by Dr. Jean-François Ravenelle, PGeo, and Dominic Chartier, PGeo. The Eagle Hill Mineral Resource Statement ("**Eagle Hill Mineral Statement**") was prepared by Mr. Chartier with the assistance of Dr. Jean-François Couture, PGeo. Dr. Ravenelle, Mr. Chartier and Dr. Couture are full-time employees of SRK Consulting. All of these individuals are independent "qualified persons" for the purposes of NI 43-101. All scientific and technical information in this AIF in respect of the Windfall Lake Project or the Windfall Lake PEA is based upon information prepared by or under the supervision of these individuals.

The effective date of the Windfall Lake PEA is April 28, 2015, and the effective date of the resource estimate in the Windfall Lake PEA is November 13, 2014. All dollar figures presented in the Windfall Lake PEA and set out herein are stated in Canadian dollars, unless otherwise specified.

#### ***Property Description, Location and Access***

The Windfall Lake Project is located in the province of Québec, Canada, approximately 400 km north-northwest of Montréal and 200 km northeast of Val-d'Or. The Windfall Lake Project lies approximately 115 km from the town of Lebel-sur-Quévillon. The centre of the Windfall Lake Project is located at approximately 75.66° longitudinal west and 49.05° latitude north (Figure 1).

The Windfall Lake Project is located north of the 49th parallel (49°N) and as such is subject to the provisions of the James Bay and Northern Québec Agreement executed in 1975. The Windfall Lake Project falls within the Traditional Territory of the Waswanipi Cree First Nation, including parts of two trap lines, and on Category III lands, as established under the James Bay and Northern Québec Agreement.



**Figure 1. Location of the Windfall Lake Project**

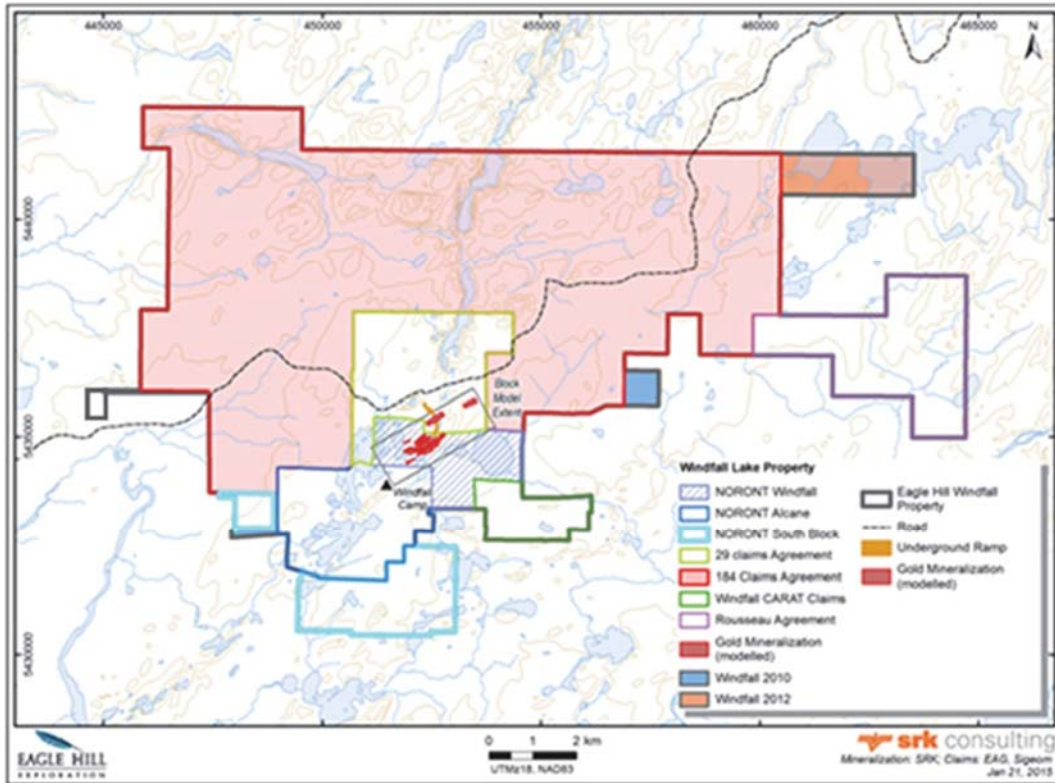


The Windfall Lake Project is 100% owned by Eagle Hill and comprises 285 individual claims covering an aggregate area of approximately 12,400 ha. The consolidated Windfall Lake Project results from several agreements settled with previous owners which are presented in Figure 2. The status of the NSRs active on the Windfall Lake Project is presented in Figure 3. The boundaries of the claims have not been surveyed legally. The mineral rights exclude surface rights, which belong to the Québec government. As of the date of this AIF, all mineral titles are in good standing.

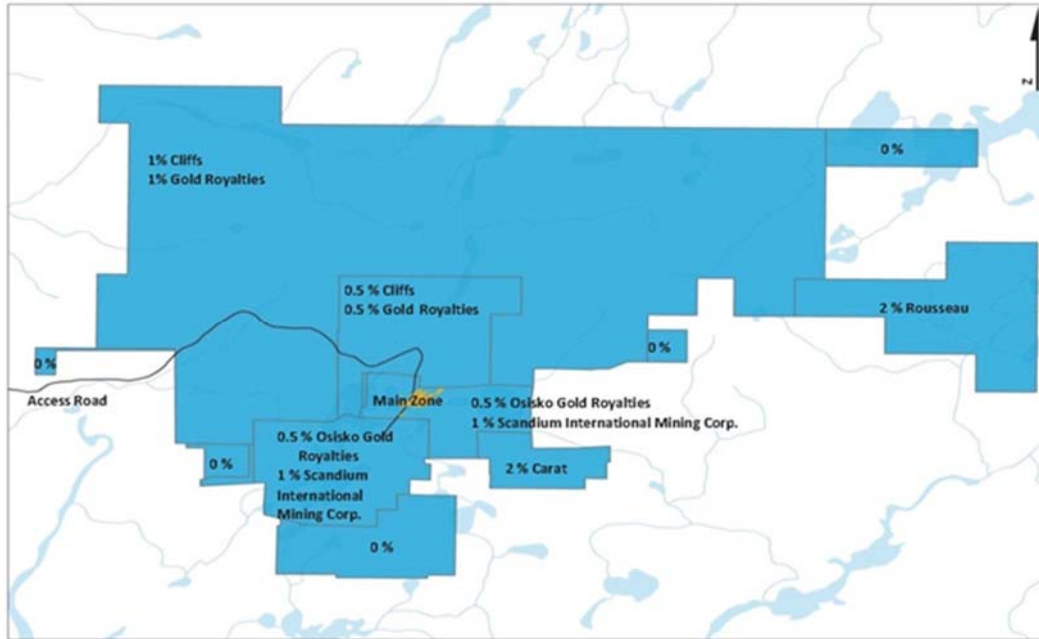
Eagle Hill's rights to the Windfall Lake Project arise from a series of option agreements executed with third parties during 2009, 2010, 2013, and 2014, as outlined below:

- original Windfall Lake option agreement with Noront Resources Inc. ("**Noront Resources**"); the 29 Claims Expansion with Noront Resources, Murgor Resources Inc. ("**Murgor Resources**"), and Cliffs Natural Resources Inc. ("**Cliffs**");
- the 184 Claims Expansion with Murgor Resources and Cliffs;
- the Rousseau Joint Venture with Murgor Resources on the Rousseau Property;
- the purchase of Noront Resources' remaining 25% interest, in August 2013;
- the purchase of Murgor Resources' and Cliffs' remaining outstanding interests, in April 2014; and
- the purchase of the Jacques Duval ("**Duval**") and the Benoit Boudreault ("**Boudreault**") royalties, in May 2014.

**Figure 2. Land Tenure Plan Showing the Various Original Agreements on the Windfall Lake Project. Modified from SRK Consulting (Canada) Inc. (2015)**



**Figure 3. Net Smelter Royalty Agreements of the Windfall Lake Project**



Note: The following NSRs are applicable: A 1% NSR to Cliffs and 1% to Osisko: buyback each 1% NSR for \$500,000; a 0.5% NSR to Cliffs and 0.5% to Osisko: buyback each 0.5% NSR for \$500,000; a 1% NSR to Scandium International Mining Corp. and a 0.5% NSR to Osisko: buyback 1% for \$1 million, remaining 0.5% NSR royalty was applied in the economic analysis within the PEA study; 2% NSR to Carat: buyback 1% for \$500,000, 2% NSR to Rousseau: buyback 1% for \$1 million, right of first refusal for remaining 1% NSR.

In March 2013, the Québec government converted all remaining staked claims of the Windfall Lake Project into one or more map-designated claims. Unlike the perimeter of a staked claim, which is defined by posts staked in the ground, the map-designated claims perimeter is defined by the geographic coordinates as determined by the Québec government. The basic unit is 30 seconds of latitude in a north-south direction, and 30 seconds of longitude in an east-west direction. Depending on the latitude, the designated claim cells vary from 40 to 60 ha in area.

A summary of the tenure information as extracted from the Québec government GESTIM (Gestion des titres miniers) website (as of the effective date of the report) is presented in Table 1. All claims are in good standing, with expiry dates varying between January 22, 2016 and September 24, 2017. Eagle Hill has sufficient work credit to renew all of the claims and maintain them in good standing.

**Table 1. Mineral Tenure Summary of the Windfall Lake Project**

Option/Joint Venture	Registered Owner	No. of Claims	Area (ha)	Expiry Date (d-m-y)	Mineral Resource	Percentage Held by Eagle Hill
Windfall Lake-Noront Resources Option	Eagle Hill	6	76.48	22-Jan-16	Yes	100%
		50	1,794.54	25-Sep-16		
		2	112.74	10-Jun-17		
The 29 Claims Expansion	Eagle Hill	9	405.50	5-Mar-17	Yes	100%
		13	429.64	10-Mar-17		

Option/Joint Venture	Registered Owner	No. of Claims	Area (ha)	Expiry Date (d-m-y)	Mineral Resource	Percentage Held by Eagle Hill
184 Claims Expansion Includes the Carat Claims	Eagle Hill	27	1,521.29	10-Jun-17	-	100%
		13	732.76	24-Sep-17	-	
		15	578.85	4-Dec-16	-	
		6	338.13	5-Dec-16	-	
		40	2,253.41	10-Dec-16	-	
		43	2,208.57	5-Mar-17	-	
		16	282.82	10-Mar-17	-	
Rousseau	Eagle Hill	9	274.06	20-Mar-17	-	100%
		11	620.11	2-May-16	-	
Windfall 2010	Eagle Hill	7	394.61	3-May-16	-	100%
Windfall 2012	Eagle Hill	13	192.21	2-Aug-16	-	100%
Windfall 2012	Eagle Hill	5	281.65	14-Aug-16	-	100%
<b>Total</b>		<b>285</b>	<b>12,497.37</b>	<b>-</b>	<b>-</b>	<b>-</b>

The Windfall Lake Project is accessible by road from the town of Lebel-sur-Quévillon, which is approximately 115 km west of the Windfall Lake Project. Lebel-sur-Quévillon, with a population of 2,700, is the closest town, and is able to supply support to the project. Skilled labour and specialized equipment can be also sourced from Val-d'Or or Chibougamau.

The topography of the Windfall Lake Project is typical of the glaciated Canadian Shield, in that low ridges of rock or gravel are interspersed with low areas of muskeg or lakes. The Windfall Lake Project is centred on an esker cored by outcrop, and flanked to the east and west by kettle lakes.

In 2008, Noront Resources completed a small underground exploration program on the Windfall Lake Project, which included excavating a ramp and underground headings. A restoration plan prepared by Société en Commandite Genivar ("**Genivar**") was filed in 2008 and was accepted. Subsequently, an irrevocable letter of credit for 70% (C\$385,046) was deposited by Noront Resources. An updated restoration plan was prepared by Genivar (Genivar 2012) on behalf of Eagle Hill. Subsequent discussions with the Ministère de l'Énergie et des Ressources naturelles ("**MERN**") estimated the financial guarantee to complete the updated restoration plan at C\$570,000. This amount was deposited on July 10, 2014 by Eagle Hill, and the original C\$385,046 letter of credit was returned to Noront Resources.

Acid-generating sulphides were the principal source of concern during the Noront Resources underground exploration program. Very small amounts of acid generating material were encountered. This material is currently stored on an acid pad (dump). Plastic membranes were installed (and warranted free of leaks) under the mineralized material and acid-generating pads, drainage ditches, and water treatment ponds, to collect and contain surface drainage, permitting treatment prior to release. Long-term treatment may require continuing conditioning of the water to adjust pH levels and reduce heavy metal concentrations, by the addition of lime, acid, and flocculants. A containerized water treatment plant remains on site.

Eagle Hill is currently monitoring the water discharge of the acid pads on a weekly basis, and reports the results to the Ministère du Développement durable, de l'Environnement et de la Lutte contre les changements climatiques ("**MDDELCC**"). So far, the concentrations of all elements are below accepted limits, and water quality is considered good. The remaining small amounts of potentially acid-generating waste can be sealed with a durable plastic geomembrane to eliminate water-sulphide-oxygen contact, and thus remove the need to operate and maintain a water treatment plant on site.

Test wells were installed adjacent to the waste, acid, and mineralized material dumps. The permittee is obligated to take and report the analytical results of water samples twice each year for a period of ten (10) years. These tests are chiefly concerned with the pH level of groundwater and bedrock, and the concentrations of heavy metals there. Results obtained to date are always below accepted criteria, as established by the MDDELCC.

Eagle Hill has obtained all necessary permits and certifications from government agencies to allow for surface drilling and exploration on the Windfall Lake Project. The Permis d'intervention forestière en vue d'activités minières issued by MERN to support exploration drilling expired March 31, 2015. An application for a new permit has been completed and a new forestry permit has been issued.

Other than the renewal of the Permis d'intervention forestière en vue d'activités minières, there are no other known significant factors and risks that may affect access, title, or Eagle Hill's right or ability to perform the exploration work required to advance the Windfall Lake Project.

### *History*

The Urban-Barry Greenstone Belt, where the Windfall Lake Project is located, has a long history of exploration. Multiple agencies and companies have explored the area in the last eight decades. During a reconnaissance geological survey, Milner (1943), Fairbairn (1946), and Graham (1947) of the Geological Survey of Canada (GSC) mapped the area. In 1958, the GSC completed a survey of the area. In the last half of the 1970s and through the 1980s, several companies, notably Shell Canada Ltd. ("**Shell Canada**"), carried out sporadic exploration activity in the Urban-Barry Greenstone Belt. The recent compilation completed by Eagle Hill identified additional historical exploration work that was not included in previous reports and are summarized below. This new information is located away from the Windfall Main Zone, and therefore has no impact on the mineral resource reported in this study.

The first systematic exploration started in 1986, when Kerr-Addison Mines Ltd. ("**Kerr-Addison**") drilled three core boreholes (388 m) in the western part of the Windfall Lake Project to test electromagnetic conductors, which were identified by an airborne geophysical survey carried out by the Ministère de l'Énergie et des Ressources naturelles du Québec in 1983. In 1987-1988, DeMontigny carried out a ground magnetic and electromagnetic survey, and the mapping and drilling of nine core boreholes (1,421 m) on the western half of the Windfall Lake Project. The drilling resulted in the discovery of a gold-bearing graphitic argillite, intruded by units of altered quartz-eye intrusive and mafic units. In 1988, five additional core boreholes (1,088 m) extended the strike extension of the previously intersected gold-bearing graphitic conductor. During the same time, (1988-1990), Shiva Ventures conducted magnetic and HEM surveys and drilled five core boreholes (1,033 m) to test the extension of the gold mineralization identified by DeMontigny. The permit for DeMontigny's 40 claims on the Windfall Lake Project expired in 1995. In the same year, Freewest Resources Canada Ltd. ("**Freewest Resources**") staked the claims that DeMontigny had let lapse, and completed two core boreholes (289 m). The boreholes intersected encouraging gold grades. In 1997, Ressources Orient drilled four boreholes (666 m) in the southern part of the property as part of a larger drill program. Alto Exploration Ltd. ("**Alto Exploration**") drilled three boreholes (977 m) in 1997, and optioned the Windfall Lake Project to Inmet Mining Corp. ("**Inmet Mining**"), which drilled 30 boreholes (9,024 m) in 1998 and 1999. Inmet Mining

dropped the option, which Fury Exploration Corp. ("**Fury Exploration**") subsequently picked up. In 1998, Murgor Resources drilled six core boreholes (1,130 m) to the NE of the Windfall Main Zone and Provenor drilled one borehole (186 m) in the western part of the Windfall Lake Project. Fury Exploration drilled 26 boreholes (7,152 m) in 2003 and 2004, and then assigned its 37.5% option interest to Noront Resources in 2004. Noront Resources explored the Windfall Lake Project with trenching, mapping, and diamond drilling from 2004 to 2006. Following the encouraging results from the 2004 to 2006 surface diamond drilling programs, Noront Resources decided to undertake an underground sampling program. Genivar provided and supported the planning, engineering, and permitting for this project. The underground development included the excavation of a 4.5 by 4.7 m ramp driven for about 1,202 m, with approximately 233 m of access crosscuts and drifts along each of the three zones. The underground excavations were generally restricted, following narrow, high-grade gold intervals that lacked any persistence or continuity. The underground ramp excavation, completed by Noront Resources in 2009, did not reach the Windfall Main Zone of gold mineralization delineated by Eagle Hill through drilling in 2010 and 2011.

Simultaneously, Murgor Resources carried out a broad exploration program that focused on the central part of the Windfall Lake Project. During 1996-1997, they discovered three new auriferous zones through an initial geophysical, trenching, and channel sampling program. Murgor Resources returned to the area in 2002 and expanded its Windfall Lake Project claims through map staking. From January to March 2004, a global positioning system (GPS)-oriented ground magnetometer survey was conducted over the entire Windfall Lake Project. During 2004 and 2005, Murgor Resources excavated 41 trenches, which resulted in the discovery of five new gold occurrences.

Between November 2004 and July 2006, Murgor Resources commissioned Abitibi Geophysics Inc. ("**Abitibi Geophysics**") to conduct seven induced polarization surveys (336.8 line-km), and one transient electromagnetic survey (51 line-km). The induced polarization ("**IP**") surveys identified 16 moderate to strong chargeability anomalies. Murgor Resources verified some of the anomalies by mechanical trenching and/or diamond drilling. The transient electromagnetic survey identified four significant anomalies. Two small, very conductive anomalies were located in the northeast corner of the surveyed area and were interpreted to lie close to the surface. During this period, Murgor Resources drilled a total of 114 core boreholes (15,993 m) to test several showings and geophysical anomalies. They discovered the F-17, F-51, and F-11 gold bearing zones.

Table 2 lists the historical work in the Urban-Barry area. There have been no historical resource estimates on the Windfall Lake Project, nor has there been any production from the Windfall Lake Project.

**Table 2. Previous Exploration Work in the Urban-Barry Area**

<b>Year</b>	<b>Company or Individual</b>	<b>Work Completed</b>
1943	Milner (GSC)	Geological mapping
1946	Fairbairn (GSC)	Geological mapping
1947	Graham (GSC)	Geological mapping
1975 to 1977	Shell Canada	Airborne electromagnetic, prospecting, geological mapping, drilling

<b>Year</b>	<b>Company or Individual</b>	<b>Work Completed</b>
1983	Ministère des Ressources naturelles du Québec	Airborne electromagnetic
1986	Kerr-Addison	Airborne electromagnetic
1987	DeMontigny	Line cutting, ground electromagnetic, geological mapping, drilling
1988 to 1990	Shiva Ventures	Geophysical surveys and drilling (no significant results)
1994	Murgor Resources	Discovery of gold showing in Barry Township
1996 to 1998	Murgor Resources/Freewest Resources	Line cutting, ground mag, induced polarization, prospecting, trenching, drilling, discovery of debris showing (72 g/t Au over 1.0 m)
1997	Ressources Orient	Drilling (no significant results)
1996 to 1998	Alto Exploration/Noront Resources	Line cutting, ground mag, induced polarization, prospecting, MaxMin II, discovery of Alto Exploration showing (9.3 g/t Au over 1.7 m)
1998 to 1999	Inmet Mining	Line cutting, deep electromagnetic survey, geological mapping, diamond drilling (27.5 g/t Au over 4.3 m)
1999	Provenor	Drilling
2002	Québec Ministry of Natural Resources	Geological mapping, sampling, geochronology
2003 to 2004	Fury Exploration	Compilation, line cutting, diamond drilling (85.9 g/t Au over 5.4 m)
2004 to 2006	Murgor Resources	Induced polarization, transient electromagnetic surveys, core drilling and trenching. Discovery of the F-17, F-51, and F-11 gold zones (17.8 g/t Au over 6.8 m)
2005 to 2009	Noront Resources	Trenching, mapping, diamond drilling, underground exploration ramp and drifts (140.8 g/t Au over 12.0 m)

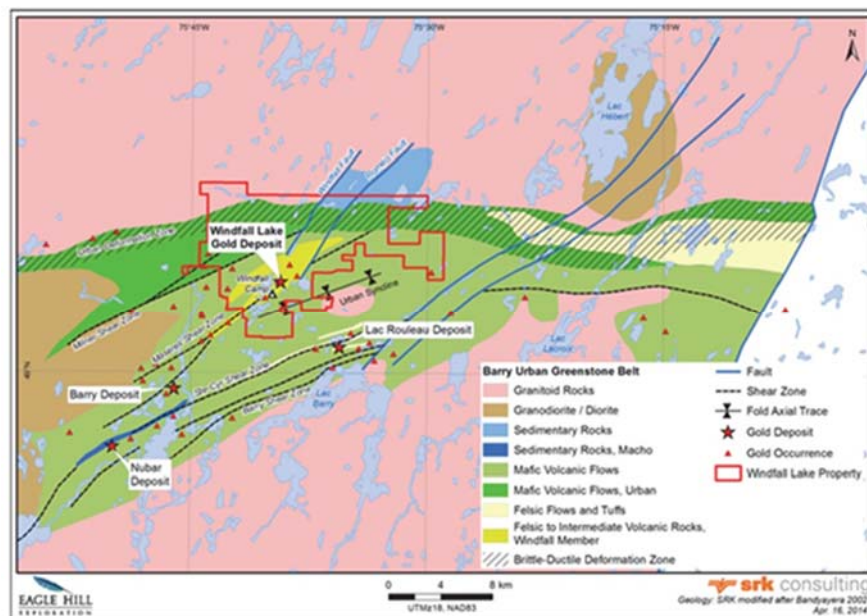
### ***Geological Setting, Mineralization, and Deposit Types***

#### **Regional Geology**

The Windfall Lake Project occurs within the Urban-Barry Greenstone Belt located in the eastern part of the Abitibi Subprovince. The Urban-Barry Greenstone Belt has an east-west extent of 135 km and is 4 to 20 km wide. The Urban-Barry Greenstone Belt is bounded to the north by the Urban Deformation Zone, to the east by the Grenville Front, to the south by granitoid rocks of the Barry Complex, and to the west by granitoid rocks of the Souart Pluton (Figure 4).

The Urban Deformation Zone is a major east-trending Archean shear zone corridor that separates the Urban-Barry Greenstone Belt from granitoid rocks of the Hébert and Father Plutons (Bandyayera et al. 2002). The Grenville Front is a major Proterozoic discontinuity, characterized by deformation zones and networks of faults, truncating Archean rocks in a north-northeast direction (Daigneault and Allard 1994).

**Figure 4. Regional Geology Setting**



The Urban-Barry Greenstone Belt is subdivided into three rock formations, interpreted to have formed between 2,791 and 2,707 Ma (Rhéaume and Bandyayera 2006): the Urban, Macho, and Roméo Formations (Figure 4). The Urban Formation is located at the base of the stratigraphy, and consists of massive or pillowed tholeiitic basalt, gabbro sills, and felsic volcanic rock. The Macho Formation consists of massive or pillowed basalt units, interbedded with felsic volcanic units, which include the Windfall and Rouleau members. It also contains massive gabbro units and metasedimentary sequences composed of greywacke, mudstone, and conglomerate. Uranium-lead age dating of a felsic volcanic unit of the Windfall Member collected on the Windfall Lake Project indicates an age of  $2,716.9 \pm 2$  Ma (Bandyayera et al. 2002). Volcanic rocks of the Macho Formation, including rocks of the Windfall Member, are cut by a series of quartz and/or feldspar porphyry dikes. Such dikes are dated at  $2,697 \pm 0.6$  Ma (Kitney et al. 2011) at the Barry gold deposit, which is located approximately 10 km southwest of the Windfall Lake Project. The contact between the Urban and Macho formations is marked by the Milner Shear Zone in the western part of the Urban-Barry Greenstone Belt, and by the southern limit of the Urban Deformation Zone in the eastern part of the Urban-Barry Greenstone Belt (Figure 4). The Roméo Formation is composed of clastic metasedimentary rocks that locally contain metamorphic layering (Bandyayera et al. 2002). It is located north of the Urban Formation, and its contact with the Urban Formation is marked by the northern limit of the Urban Deformation Zone.

Rocks of the Urban-Barry Greenstone Belt were deformed during the 2,710 to 2,660 Ma Kenoran orogeny (Card 1990; Goldfarb et al. 2001). The regional foliation generally strikes northeast to



east-northeast with a variable dip from 30 to 85° to the southeast (Hocq 1989; July 1990). The regional foliation is associated with a stretching lineation that plunges steeply to moderately to the east (Bandyayera et al. 2002). Associated regional folds are generally isoclinal with steeply plunging axes (Chown et al. 1992), although Bandyayera et al. (2002) interpreted a shallowly-plunging regional-scale syncline south of the Windfall Member (named Urban Syncline). The axial trace of the Urban Syncline trends to the east-northeast and is interpreted to pass between the Lac Rouleau and Windfall members (Figure 4). A series of east-northeast-trending shear zones characterized by strongly developed foliation occur in the Urban-Barry Greenstone Belt and include the Milner, Masères, Saint-Cyr, and Barry shear zones (Figure 4).

A deformation event postdating the main regional event generated shallowly east-northeast-plunging open folds in the regional foliation. Such folds are typically associated with a northeast-trending axial-planar spaced cleavage. Approaching the Urban Deformation Zone in the northern part of the belt, the stratigraphic contacts, the regional foliation, and the spaced cleavage are re-oriented predominantly east-west, parallel to the Urban Deformation Zone. In this Urban Deformation Zone, an east-trending foliation is developed and is associated with subvertical stretching lineations.

A set of north-northeast-trending brittle faults associated with slickenlines that are moderately plunging to the northeast (July 1990) crosscut all other structures. Such faults are likely related to the Grenville Front and include the Thubière, Croft, Picquet, Father, Roméo, and Windfall faults. Rocks of the Urban-Barry Greenstone Belt are generally metamorphosed to greenschist facies, although near intrusions, conditions locally reached amphibolite assemblages (July 1990). The regional metamorphic temperature-pressure gradient generally increases eastward towards the Grenville Front (Desrochers 2013).

### Property Geology

The Windfall Lake Project is located in the central part of the Urban-Barry Greenstone Belt (Figure 4). It is located within the Macho Formation, except for the northwestern part of the Windfall Lake Project, which is located in the Urban Formation (Figure 4). The Windfall Lake deposit is hosted within the Windfall Member of the Macho Formation, which primarily consists of felsic and intermediate volcanic rocks including tuff and lava units. In the Windfall Lake deposit area, the stratigraphy trends northeast and dips moderately towards the southeast. There, volcanic rocks are intruded by a series of porphyry dikes including early quartz-phyric felsic to intermediate dikes with fragments comprising quartz phenocrysts ranging from 1 to 2 mm and quartz-phyric felsic to intermediate dikes containing quartz phenocrysts up to 7 mm in size (SRK Consulting 2013b). Recent three dimensional geological modelling of the deposit area indicates that the quartz-phyric dikes with fragments trend to the east or east-northeast, and that the quartz-phyric dikes trend to the northeast or to the east. Quartz-phyric dikes also include a 100-m thick massive quartz monzonite dike referred as the Red Dog. The Red Dog dike trends to the north-northeast and dips approximately 35° to the east-southeast.

Splays of the Red Dog dike also occur and are typically up to approximately 15 m thick. Previous reports describe a nearby granodiorite intrusive complex located to the southwest of the main felsic sequence that hosts the Windfall Lake deposit (Tremblay et al. 2002).

All dikes and volcanic rocks are affected by the regional foliation. The intensity of the foliation and the overall strain vary greatly within individual rock units. Several shear zones crosscut the Windfall Lake Project, including the east-trending Urban Deformation Zone and the east-northeast-trending Milner and Masères shear zones. The latter is interpreted to crosscut the Windfall Lake deposit area. The Milner and Masères shear zones are truncated to the north by the Urban Deformation Zone. The Windfall brittle fault bisects the Windfall Lake Project and cuts the Urban Deformation Zone and the Milner and Masères shear zones.

### Alteration

Sericite represents the dominant alteration phase throughout the rhyolitic rocks of the Windfall Lake Project. Minor silicification, and rare strong pervasive chloritisation, can also occur. The more intermediate to mafic volcanic and intrusive units show a high degree of chloritic alteration in association with carbonate. Both alteration types are consistent with the overall metamorphic grade and related deformation. Felsic to intermediate intrusives show a variety of alteration phases that can promptly change within the same dike. The quartz monzonite Red Dog dike can show a strong hematite alteration.

All rock units near the Windfall Main Zone, except for the intermediate to mafic dikes, are altered to an assemblage of sericite-carbonate-chlorite-quartz with minor pyrite, rutile, and tourmaline in variable proportions. This assemblage frequently obliterates the original volcanic and intrusive textures of the rock units. In the vicinity of the gold-bearing pyrite stockwork mineralization, the percentage of carbonate and chlorite drops to zero at the expense of sericite and silica. In the most altered zones, sericite content reaches up to 50% and some intervals are entirely silicified. In such conditions, rock units can be difficult to identify; intermediate to mafic volcanic are strongly bleached.

### Mineralization

Gold mineralization identified to date on the Windfall Lake Project occurs in different zones: the Windfall Main Zone, Zone F17, Zone F51, and Zone F11. The Windfall Main Zone contains three major main gold bearing corridors named Caribou corridor, Zone 27 corridor, and Mallard corridor. The style of gold mineralization at the Windfall Main Zone differs from that at the F17 the F51, and the F11 zones (Figure 5). All zones are oriented subparallel to the east-northeast trending Masères shear zone.

#### Gold Mineralization in the Main Zone

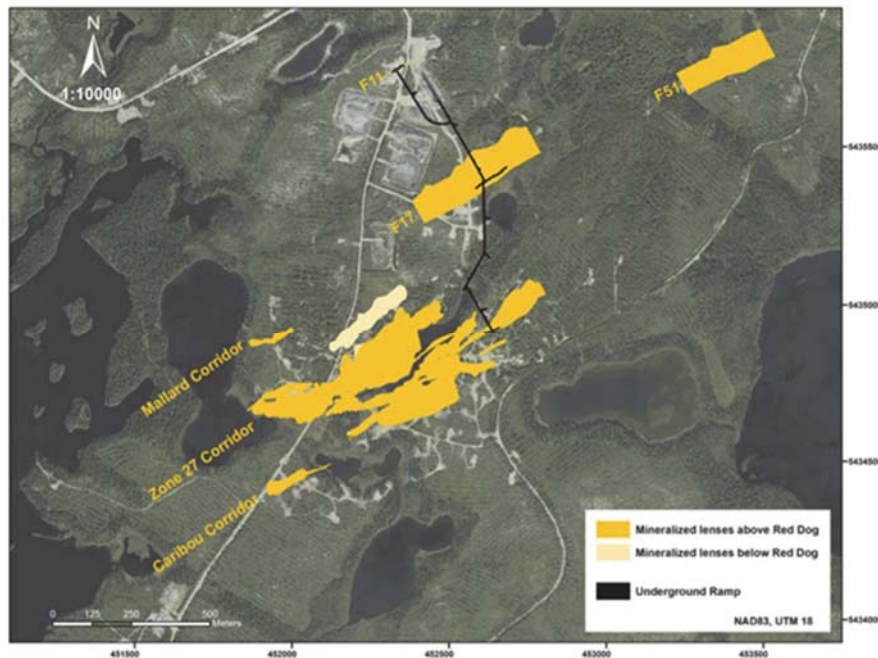
The Windfall Main Zone hosts the bulk of gold mineralization on the Windfall Lake Project, and has been traced to approximately 870 m below surface. The gold mineralization within the Windfall Main Zone occurs in several steep-dipping, northeast-trending zones measuring between 2 and 35 m in thickness. Better lateral and vertical continuity has been identified within subzones known as the 27 Zone corridor, the Caribou corridor, and the Mallard corridor. Three styles of gold mineralization occur in the Windfall Main Zone:

- dominant pyrite stockwork;
- quartz-carbonate crustiform veins; and

- quartz-carbonate extensional veins.

The bulk of the gold mineralization in the Windfall Main Zone is associated with pyrite stockwork. The stockwork consists of pyrite ± chalcopyrite stringers, bands of semi-massive to massive pyrite ± chalcopyrite, breccia veins, and centimetre-scale tourmaline-chloritepyrite veins that occur with or without concomitant quartz-sericite-pyrite alteration of the host rocks. The pyrite stockwork also contains minor amounts of sphalerite, pyrrhotite, arsenopyrite, tetrahedrite, and bismuth sulfosalts (Tremblay 2014).

**Figure 5. Gold Mineralized Lenses Projected to Surface on a Light Detection and Ranging (LiDAR) Image**



Note: The three major mineralized corridors of the Windfall Main Zone are Mallard, Zone 27, and Caribou. The F17, F51, and F11 represent other zones separated from the Windfall Main Zone.

Individual veinlets in the pyrite stockwork are typically less than 1 cm thick, and are oriented in several orientations. The stockwork mineralization is hosted within volcanic rocks and various generations of quartz-phyric dikes, except for the Red Dog dikes, which postdate the emplacement of the pyrite stockwork. The distribution of the pyrite stockwork is greatly influenced by the geometry of the dikes, specifically for Zone 27 and the Caribou corridor, which are spatially associated with 2 to 30 m thick northeast trending quartz phyric dikes.

Some of the fragments in quartz-phyric dikes were altered and mineralized prior to being brecciated and quartzphyric dikes locally crosscut the pyrite stockwork mineralization, suggesting that emplacement of the gold mineralization was broadly coeval with the intrusion of the quartz-phyric dikes.

A second style of gold mineralization (several ounces per tonne) is locally associated with brecciated quartz veins with colloform and crustiform banding. The veins are moderately dipping and trend northeast-southwest. The largest zone is vein 466 in the Zone 27 corridor with a strike extent of 300 m and a dip extent of 200 m. At a minimum width of 0.5 m, and an average width of approximately 1.5 m, the colloform-crustiform veins can reach a thickness of nearly 6 m, locally.

The auriferous zones of the Windfall Main Zone are crosscut at a depth of approximately 450 m by the quartz monzonite Red Dog dike. Limited drilling by Eagle Hill indicates that the gold mineralization of the Windfall Main Zone continues below the approximately 100-m thick Red Dog dike. A mineral resource of 447,000 t at 9.14 g/t gold for 131,000 oz has been identified to date below the Red Dog dike.

The main regional deformation is superimposed on the auriferous pyrite stockwork. Pyrite veins and stringers vary from being weakly deformed to being strongly foliated or completely transposed. Strongly foliated zones interpreted as shear zones locally occur near or within auriferous pyrite stockwork.

The third style of gold mineralization in the Windfall Main Zone occurs as auriferous quartz-carbonate- chalcopyrite-pyrite extensional veins. Such veins occur in the Red Dog dikes, in the other quartz-phyrlic dikes, and in volcanic rock, commonly near or within shear zone intervals. These veins crosscut the pyrite stockwork, and are interpreted to be associated with a separate hydrothermal event controlled by brittle-ductile shear zones that postdates the auriferous pyrite stockwork.

#### Gold Mineralization in the F17 and F51 Zones

The F17 and F51 zones are two separate zones of gold mineralization containing typical orogenic gold mineralization (also termed greenstone-hosted quartz-carbonate vein mineralization). The two zones trend to the northeast, subparallel to the Windfall Main Zone, but dip steeply to the north. Both zones are aligned along the same trend but separated by approximately 500 m. Very limited borehole data are available from this gap zone. Continuity between the two zones cannot be established from the current drilling data.

Both zones are characterized by strongly developed foliation associated with sericite-fuchsite-tourmaline-pyrite alteration containing up to 15% white quartz-albite-carbonate veins with 1 to 10% pyrite and traces of sphalerite and chalcopyrite. Visible gold is also frequently present in the veins. The highest gold grades are associated with zones where fuchsite and tourmaline are abundant. Gold mineralization in the F17 and F51 zones is interpreted to be related to the quartz-carbonate veins style of mineralization documented in the Windfall Main Zone.

#### Gold Mineralization in the F11 Zone

The F11 zone is a small gold mineralized area located near the portal of the ramp. Gold mineralization consists of small quartz-carbonate extensional veins, typically less than 1 cm thick, characterized by their high content of visible gold. Continuity of this gold mineralization has not been demonstrated, and this mineralization has not been included in the Windfall Mineral Resource Estimate.

### Post-mineralization brittle structures

Locally, post-mineralization fault zones truncate and displace the gold mineralization. Fragments of auriferous breccia occur within these faults, indicating that these structures are late and postdate the main auriferous pyrite mineralization. A good example is the fault zone located to the south and above the Caribou corridor. Recent three dimensional modelling indicates that such brittle faults form an anastomosing network that locally coincides with the northeast-trending Windfall fault.

### *Deposit Type*

The characteristics of the gold mineralization in the Windfall Main Zone are similar to intrusion-related gold mineralization described as atypical greenstone-hosted deposits by Robert et al. (2007). Although these atypical deposits display similar regional-scale controls and commonly occur in the same camps as orogenic deposits, they differ in styles of mineralization, metal association, interpreted crustal levels of emplacement, and relative age. Those gold deposits show a close spatial association with high-level porphyry stocks and dikes.

### *Exploration*

Eagle Hill began exploration work on the Windfall Lake Project during the fall of 2009. The initial exploration work included re-sampling of historical core (8,700 m), trenching, channel sampling, and ground and downhole geophysical surveys. During October 2010, Eagle Hill completed a mapping program over an area of approximately 1.08 ha (10,800 m<sup>2</sup>) encompassing a network of previously excavated trenches at a scale of 1:100. Eagle Hill also cut a total of 293.7 m of channel samples, broadly subparallel and perpendicular to the strike of the trenches, and orthogonal to visible mineralized quartz-tourmaline-pyrite vein zones and stockwork.

Between the winter 2010 and summer 2011 drilling programs, a borehole pulse electromagnetic ("**BHP**EM") survey was conducted on borehole EAG-10-196. This borehole was selected due to the high-grade gold assay intersections and the observation of visible gold in the core. Additionally, a surface gradient time domain electromagnetic ("**T**DEM") survey was conducted over and adjacent to the main mineralized zone on the Property. Both the BHP<sup>EM</sup> and TDEM surveys were completed by Koop Geotechnical Services Inc. during May 2010. In July 2010, Insight Geophysics completed surface gradient and deep penetrating IP surveys using the existing grid previously employed by Noront Resources. The survey covered the main mineralized zone and the immediate surrounding area near the main deposit and associated structures. In light of the positive results obtained by the survey during the winter of 2011, Eagle Hill decided to extend the survey further to the west where historical IP surveys had identified important chargeability anomalies.

One objective of the survey was to identify chargeability anomalies below the Red Dog dike. In total, Insight Geophysics surveyed an area measuring 2.5 km east-west by 1.6 km north-south of surface gradient IP and completed 10 lines of deep-penetrating IP resistivity sections. The results of the surveys showed a good correlation between the high chargeability anomalies and the known pyrite-rich gold zones delineated by drilling.

Between January and April 2012, Eagle Hill again carried out an IP geophysical survey on the Windfall Lake Project. Géophysique TMC completed 96 line-km of ground survey in two grids situated on the northwest and northeast portions of the Windfall Lake Project, respectively. The survey picked up multiple sub-vertical anomalies trending east-west (Géophysique TMC 2012).

In 2012, Eagle Hill carried out a till survey on the Windfall Lake Project. The sampling was done by Eagle Hill personnel and supervised by Les Consultants Inlandsis. Forty-nine samples, 15 to 20 kg each, were collected and processed for visual count of gold. Results from multiple samples indicated values higher than background values of about five to six gold grains typical of gold-bearing Archean greenstone belts. The results are indicative of a significant bedrock gold source within 100 to 1,000 m up an ice from the till anomalies and in area that corresponds roughly to targeted large east-trending regional prospective structural corridor.

In October 2013, Eagle Hill contracted DGI Geoscience Inc. to survey six historical core boreholes (NOT-07-150, EAG-11-259, EAG-11-295, EAG-12-365, EAG-13-466, and EAG-13-469) with an optical and an acoustic televiewer. The goal of the survey was to identify the orientation of certain structural features of significance intersected with those boreholes.

Between November 1 and 24, 2013, and then between October 16 and November 2, 2014, Abitibi Geophysics completed two geophysical hole-to-hole resistivity/IP surveys. The objective of the surveys was to investigate the outer and inner periphery of the volume encompassing the boreholes and to assess the potential for gold mineralization at depth below the Red Dog intrusion as well as directly below the Windfall Main Zone. The survey detected chargeability and lower resistivity anomalies below the Red Dog intrusion that are similar to the anomalies associated with the sulphide-rich gold mineralization located above the Red Dog intrusion.

Sixty-eight pairs of receiver boreholes were surveyed at the Windfall Lake Project to provide the best coverage at a depth of more than 500 m below surface. The collected data were then inverted using Res3D software by Abitibi Geophysics and DCIP3D software by Mira Geoscience Ltd. to provide a possible three-dimensional geometry for the deep gold mineralization at Windfall Lake. The results of the inversion show two high-priority targets located below the Red Dog intrusion.

Between December 6 and 17, 2013, Pro-Tech Géophysique Ltd. completed a magnetic survey to the south of the Windfall Main Zone. The survey comprised 79.7 line-km on a cut grid consisting of 36 north-south lines with 100 m spacing. Total field readings were measured every 12.5 m along the lines. The results of the survey identified two main east-northeast-trending lineaments that are parallel to the magnetic lineament associated with the Windfall Main Zone.

Also in December 2013, Abitibi Geophysics completed a dipole-dipole IP survey using the same survey grid used for the magnetic survey. Sixteen high-priority exploration targets were identified for follow-up exploration work.

Between February 19 and 25, 2014, Géophysique TMC completed a 23.9 line km dipole-dipole IP survey over the Rousseau claims, located some 10 km to the east of the Windfall Main Zone. Survey lines were oriented north-south with 100 m separation. Survey station spacing was 25 m along the survey lines. Initial data interpretation showed five anomalies in the survey area.

## *Drilling*

Between 2010 and 2014, Eagle Hill drilled 344 core boreholes (122,919 m) on the Windfall Lake Project. The total number of core boreholes drilled on the Property since 1997 by all operators is 739 (198,833 m, Table 3). The November 2014 mineral resource evaluation considers drilling information completed by Alto Exploration, Inmet Mining, Fury Exploration, Murgor Resources, Noront Resources, and Eagle Hill.

In 1977, Shell Canada drilled one borehole (94 m) to test an electromagnetic conductor on the southern part of the Windfall Lake Project. Results indicated barren sulphide mineralization.

During 1986, Kerr-Addison drilled three BQ core boreholes (388 m) directly on the Windfall Lake Project, as part of a 1,244-m drill program in nine boreholes, to test electromagnetic conductors identified in the western part of the Windfall Lake Project by an airborne geophysical survey conducted by MERN. The best assay result was 1,310 ppb gold over 30 cm from a 5 cm thick quartz-carbonate vein.

In 1987-1988, DeMontigny completed 14 BQ core boreholes (2,509 m) designed to test geophysical conductors identified on a ground magnetic and electromagnetic survey in the western portion of the Windfall Lake Project. The drilling delineated a 1.2 km long, 30 to 50 m wide, auriferous horizon with notable intersections of 4.0 g/t gold over 1.8 m, 4.49 g/t gold over 0.88 m, and 3.46 g/t gold over 1.19 m. Other gold mineralization associated with silica and carbonate alteration zones in andesite and monzonite units were discovered during the drilling program.

In 1988-1990, Shiva Ventures completed five core boreholes on the western part of the Windfall Lake Project to test HEM anomalies in the extension of the gold mineralization identified by DeMontigny. Black argillite with up to 10% pyrrhotite-pyrite explains the conductors.

In 1996, Freewest Resources drilled two NQ core boreholes (289 m) on the western part of the Windfall Lake Project to test strong IP anomalies. The best result was obtained in sulphide-rich interval (15 to 20% sulphides) inside a sedimentary rock unit with 1.25 g/t gold over 0.95 m.

Ressources Orient drilled for core boreholes (666 m) on the southern part of the Windfall Lake Project as part of a fifteen borehole drill program testing magnetic high anomalies. Anomalies were explained by pyrrhotite but no significant gold values were obtained.

Alto Exploration drilled three core boreholes (977 m) in 1997 prior to optioning the Windfall Lake Project to Inmet Mining. The three boreholes were located in the northern part of the Windfall Main Zone. The best results were obtained in rock units containing up to 10 to 25% sulphides and include 13.8 g/t gold over 0.35 m, 8.0 g/t gold over 0.31 m, and 3.96 g/t gold over 5.1 m.

**Table 3. Core Boreholes Completed on the Windfall Lake Project**

<b>Company</b>	<b>Phase</b>	<b>Year</b>	<b>DDH Names</b>	<b>Number of DDH</b>	<b>Number of extended holes</b>	<b>Meters</b>
Shell Canada		1977	07/07/7515	1		94
Kerr Addison		1986	KUB-86-1-KUB-86-3 and KUB-86-9	4		544
Montigny		1987	MUR-87-1 to 9	9		1,421
Montigny		1988	MUR-88 1 to 4	4		1,088
Freewest Resources/Fury Exploration		1996	FUR-96-4 to 5	2		1,088
Alto Exploration		1997	ATO-97-01 to 03	3		977
Inmet Mining		1998	ATO-98-04 to 16	13		2,811
Inmet Mining		1999	ATO-99-17 to 33	17		6,213
Fury Exploration		2003	FUR-03-01 to 21	21		4,946
Fury Exploration		2004	FUR-04-22 to 26	5		2,206
Murgor Resources		2004	WIN-0401 to 11	11		2,016
Murgor Resources		2005	WG-05-01 to 03 and WIN-05-12 to 85	77		10,249
Murgor Resources		2006	WIN-06-86 to 111	26		3,728
Noront Resources		2004	NOT-04-27 to 38	12		5,005
Noront Resources		2005	NOT-05-39 to 82	44		9,928
Noront Resources		2006	NOT-06-83 to 108	26		7,449
Noront Resources		2007	NOT-07-109 to 191	83		14,829
Eagle Hill	Zone	2010	EAG-10-193, 195, 196, 199, 203, 205, 209, 213, 217, 222, 224, 227 to 248	33		13,018
Eagle Hill	Expo	2010	EHX-10-192, 194, 197, 198, 200 to 202,	24		4,691



Company	Phase	Year	DDH Names	Number of DDH	Number of extended holes	Meters
			204, 206 to 208, 210 to 212, 214 to 216, 218 to 221, 223, 225, 226			
Eagle Hill	Phase 1	2011	EAG-11-249 to 269	21		7,996
Eagle Hill	Phase 2	2011	EAG-11-270 to 288	19	1	6,461
Eagle Hill	Phase 3	2011	EAG-11-289 to 312	24		8,985
Eagle Hill	Phase 4 Zone	2012	EAG-12-313 to 320, 323 to 330, 332, 333, 337, 340 to 368	48	2	16,079
Eagle Hill	Phase 4 Explo	2012	EHX-12-321, 322, 331, 334 to 336, 338, 339	8		1,256
Eagle Hill	Phase 5	2012	EAG-12-369 to 412	44	2	10,332
Eagle Hill	Phase 6	2012	EAG-12-413 to 459	47	3	14,580
Eagle Hill	Phase 7	2013	EAG-13-460 to 469	10		3,965
Eagle Hill	Phase 8	2013	EAG-13-470 to 530	61	1	28,232
Eagle Hill	Phase 9	2014	EAG-13-531 to 551	21		3,333
Eagle Hill	Phase 10	2014	Extension of holes	-	5	2,039
<b>Total</b>				<b>718</b>	<b>14</b>	<b>195,559</b>
					<b>Total includes 6 wedges</b>	

In 1998, Aur Resources Inc. ("**Aur Resources**") drilled five BQ-size core boreholes (1,306 m) on the Rousseau claims as part of a regional exploration program (10 boreholes). The best result was 1.73 g/t over 0.65 m in a shear zone.

In 1998, Murgor Resources completed six core boreholes (1,130 m) to the northeast of the Windfall Main Zone to test gold mineralization discovered at surface. One narrow intervals with high gold values was obtained (27.4 g/t gold over 0.7 m) in quartz-tourmaline vein in Zone F-17.

Inmet Mining drilled 30 core boreholes (9,024 m) in 1998 and 1999 in the Windfall Main Zone. As part of the sampling program, Inmet Mining also took 321 samples for whole rock analyses. Lithochemical characteristics defining rock types calculated by Inmet Mining confirmed that high silica rhyolite is present on the Windfall Lake Project. From the results of the drilling, Inmet Mining concluded that the gold mineralization is associated with pyrite dissemination, stringers, and veins hosted in sericitic felsic volcanic rock. Higher gold values are associated with thin, massive pyrite-tourmaline veins and quartz-carbonate veins.

In 1999, Provenor drilled one core borehole (186 m) in the western part of the property to test two IP anomalies. Both anomalies are explained by up to 35% pyrite and pyrrhotite in strongly altered volcanic rocks. The best result was 1.4 g/t gold over 0.7 m.

After optioning a portion of the Windfall Lake Project from Alto Exploration in 2003 and reviewing previous drilling results, Fury Exploration interpreted that the majority of the past drilling on the Windfall Lake Project had been oriented subparallel to the main mineralized structures. Accordingly, Fury Exploration planned and completed 21 core boreholes (4,946 m) in 2003. Subsequently, in 2004 Fury Exploration drilled a further five core boreholes (2,206 m) at an azimuth of 210° to establish the orientation of the high-grade zones intersected in the 2003 drilling, and to expand those zones. The majority of the Fury Exploration boreholes were NQ size. The best results include 19.5 g/t gold over 2.7 m and 85.9 g/t gold over 5.4 m.

Encouraged by earlier results of mapping, sampling, and trenching programs, Murgor Resources, then the owner of the claims to the north of the Windfall Main Zone, initiated an intensive diamond drilling program at the Windfall Lake Project in November 2004. During 2004-2006, Murgor Resources drilled 114 NQ core boreholes (15,993 m). The drilling targeted the F17, F51, and F11 gold zones. Best results from the zones included: 16.5 g/t gold over 3.0 m, 21.7 g/t gold over 2.0 m, and 16.0 g/t gold over 7.6 m in the F17 Zone; 44.5 g/t gold over 2.0 m and 8.03 g/t gold over 3.0 m in the F51 Zone; and 1,146 g/t gold over 2.5 m in F11 Zone.

The majority of the 2004-2007 boreholes (165 NQ boreholes, 37,489 m) completed by Noront Resources were concentrated in the Windfall Main Zone, the F17 Zone, and along the location of the proposed ramp. Noront Resources targeted down dip extensions of mineralization intersected in previous boreholes. The results of this delineation drilling led Noront Resources to undertake an underground sampling program. Borehole deviation data were collected at 3-m intervals with an unknown tool. Several pyrite-rich intervals were intersected in quartz porphyritic rock units and returned gold-bearing sections such as 10.6 g/t gold over 4.2 m, 11.2 g/t gold over 8.2 m, 430.8 g/t gold over 3.3 m, and 4,911 g/t gold over 1.0 m.

During the period from February 5, 2010 to March 24, 2010, Eagle Hill drilled 57 NQ core boreholes (17,339 m) on the Windfall Lake Project. Two concurrent drilling programs were completed: the first focused on property-scale exploration and consisted of 24 boreholes (4,691 m; EHX-series); the second program aimed to delineate better-known auriferous zones in and around the current resource area. This latter program consisted of 33 core boreholes totalling 12,648 m. Two diamond drill rigs were contracted through Forage Nordic to complete both programs.

Eagle Hill's 2011-2012 drilling program was designed to follow up on the positive results of the 2010 program and to better define the lateral extent of the gold mineralization zones. At the conclusion of Phases 1 and 2, in July 2011, Eagle Hill commissioned SRK Consulting (Canada) Inc. ("**SRK Consulting**") to prepare an initial Mineral Resource Statement for the Windfall Lake Project. Based on Eagle Hill's planned program and SRK Consulting's recommendations in the November 2011 technical report (SRK Consulting 2011), Eagle Hill continued drilling in the fall of 2011 (Phase 3) and early 2012 (Phase 4 Zone). This infill and step-out drilling program was designed with combined objectives to validate some of the historical drilling, to investigate the structural controls on the distribution of the gold mineralization, and to test lateral and depth extensions of the gold mineralization.

The drilling also aimed to infill gaps in the data with the potential to increase the mineral resources and/or improve resource classification. During this period, 112 NQ core boreholes plus three extensions of existing boreholes were drilled (39,521 m). Best drill results include 22.9 g/t gold over 25.0 m, 9.8 g/t gold over 7.8 m, and 8.9 g/t gold over 14.0 m.

In addition, Eagle Hill completed eight NQ core boreholes (1,256 m) to test exploration targets elsewhere on the Property (Phase 4 Explo). No significant results were obtained from those eight boreholes.

The 2012 core drilling program of Phases 5 and 6 focused on two main goals: first, to improve confidence in the continuity of Zone 27 and extend the zone down dip as well as along strike; and second, to test the extensions of previously intersected high-grade mineralization within the extent of the existing block model. A total of 91 core boreholes and five extensions of existing boreholes (24,912 m) were completed.

In 2013 (Phases 7 and 8), Eagle Hill focused on testing the continuity of mineralization to the southwest of the Windfall Main Zone, testing the continuity of mineralization below the Red Dog dike, and general infill drilling in an effort to improve confidence in the continuity of the gold mineralization. During this period, Eagle Hill completed 77 boreholes, including six wedged holes and 1 extension of an existing borehole (32,197 m). Best results included 14.0 g/t gold over 8.48 m in the Caribou corridor, 22.1 g/t gold over 5.5 m in the Zone 27 corridor, 288.5 g/t gold over 12.4 m in a crustiform vein, and 11.2 g/t gold over 37.3 m below the Red Dog intrusion.

The 2014 core drilling program was divided into two phases. The first phase (Phase 9) was completed between February 18 and March 22, 2014 for a total of 3,333 m in 21 short NQ core boreholes. The boreholes were drilled from frozen lakes to test shallow extensions of Zone 27. The second phase of drilling (Phase 10) was completed between July 30 and September 25, 2014 for 2,039 m in five NQ core borehole extensions to test for the Windfall Main Zone extension below the Red Dog. The five boreholes extended consisted of:

- EAG-11-289 drilled to 1,165.3 m;
- EAG-11-306 drilled to 1,240 m;
- EAG-12-421 drilled to 920 m;
- EAG-13-499 drilled to 1,209 m; and
- EAG-13-511 drilled to 999 m.

The first phase of 2014 drilling was included in this database for resource estimation purposes while the second phase of the drilling was not yet completed at the cut-off date of July 28, 2014 set for the mineral resource estimate reported herein, and therefore not included in the final database. The best results from Phase 10 include 10.0 g/t gold over 5.8 m and 9.7 g/t gold over 7.5 m, both below the Red Dog intrusion.

### *Sample Preparation, Analyses, Security and Data Verifications*

The field procedures and methodologies used to collect, handle, and process analytical samples collected prior to 1998 are incompletely documented. Fury Exploration (2003-2004) and subsequently Noront Resources (2007) implemented field procedures and methodologies generally consistent with industry best practices of the time. Core samples were submitted to the non-accredited Bourlamaque Laboratory in Val-d'Or, Québec for preparation and assaying for gold using a conventional fire assay procedure and atomic absorption finish.

During 2010 to 2014, Eagle Hill routinely sampled core for gold assays according to written sampling procedures. The remaining core is stored in core boxes in covered metal racks in an organized fashion for future reference on site.

Preparation of selected core intervals to be sampled was completed by the following method:

- Core boxes were delivered to the core shed at the end of every shift by the drilling crew, and core was checked by Eagle Hill geologists before logging to ensure that core was correctly placed in boxes by the drillers.
- Geotechnical measurements, including core recovery and RQD, were recorded. The core was then marked up using a marker pencil showing 1 m depth intervals allowing for better depth precision between the 3-m core block markers inserted by the drillers.
- Intervals of core selected for sampling were marked up using a red pencil showing arrows that indicated the "from" and "to" range of each sample interval and a reference line drawn parallel to the core axis and through the approximate centre of the rock fabric. Where possible, the core was cut 90° to the drawn reference line to preserve the rock fabric in the remaining core to be stored onsite.
- Books containing numerical sequences of 50 pre-labeled, triplicate, water durable sample tags were used: one part of the sample tag was used to tag the core sample, a second to indicate the position of the sample in the core box, and the third remained with the sample book as an archival record of the sample particulars such as sample ID, borehole ID, sample interval from and to, hole depth, rock type, and a brief sample description. Quality control sample tags representing a blank or standard were inserted to the immediate right of the previous sample tag in the series to signal technicians to insert either a standard or a blank sample into the sample batch at that point.
- Control samples (blanks and reference material) were inserted as core was sampled to ensure that sample numbers were in sequence with core sample and therefore could not be identified based on sample numbers.
- Duplicate pulp splits were generated by the laboratory facility.
- Individual core samples were typically taken at 1-m intervals with minimum and minimum-maximum intervals ranging from 0.25 to 2.0 m. In an effort to minimize sample errors and simplify the entire sampling process, intervals were generally started and ended

on the drilled depth metre marks. Where sampled intervals fell between metre marks, subsequent samples were lengthened or shortened to bring the sequence in line with full metre depths.

- Core marked and tagged for sampling was moved to a different location to be cut using diamond bladed rock saws. The technician would saw and sample the core one sample at a time, starting with the first tag and following through the sample number sequence until the end of the hole.
- Unbiased sampling was managed by consistent selection of the right half from each split core. The right half of the core samples was placed in a heavy-duty transparent plastic bag and the left half was placed back into its original position in the core box. Broken core, such as fault gouge or fault breccia, was sampled by scooping the right half into a sample bag while the left half remained in the core box. One sample tag was stapled to the core box at the start of its sample interval and the other tag was placed into the sample bag with the core sample. Sample bags were labeled with the sample number inscribed with black indelible marker and were sealed with plastic zip ties.
- Blank samples required the technician to put approximately 1 to 2 kg of blank material into sample bags; blank material was quarter inch limestone gravel marketed as "Bomix Crushed Stone".
- Packets of certified gold reference standards were assigned by the core-logging geologist and verified by the technicians.
- Every sequence of 10 samples was placed in rice bags for shipping by technical staff.
- Each sample shipment to the assay laboratory comprised samples from only one borehole; this practice allowed laboratory batches to represent one borehole only and simplified tracking of assay quality control samples as well as requests for batch re-assays.
- Upon completion of core sampling for any given borehole, the rice bag sample sheet was handed to the core-logging geologist for verification. Once verified, the geologist prepared an ALS Minerals Laboratories ("**ALS Minerals**") sample submittal form. A copy of the sample submittal form and the rice-bag sample sheet was included with the first rice bag for each sample batch. This bag was tied with orange flagging tape.

Core samples were submitted to the ISO-accredited ALS Minerals in Val-d'Or for sample preparation and analyses. The reliability of the analytical results was monitored using external quality control samples (blank, certified reference material, and duplicate). At the laboratory, samples were transferred to ALS Minerals staff and underwent conventional preparation procedures (ALS Minerals code PREP-31). Samples were crushed to 70% passing below 10 mesh, or 2 mm. A 250-g subsample was pulverized to 85% passing below 200 mesh, or 75 µm. The pulveriser was cleaned with silica sand between samples.

Prepared samples were assayed for gold using a fire assay procedure and atomic absorption finish on a 30-g charge (ALS Minerals code AA23). Certain samples were assayed for gold using a

metallic screen procedure (ALS Minerals code Au-GRA23). In late 2013, Eagle Hill started to use 50-g charges (ALS Minerals code AA24); metallic screen assay charges were also increased to 50 g (ALS Minerals Code AA-SRC-24).

Eagle Hill also submitted sample pulps originally assayed at ALS Minerals to ACME for umpire laboratory testing. A total of 75.3% of the check assay pairs tested had a half absolute relative difference (HARD) below 10%. Bias chart check assay pair plots yielded a correlation coefficient of 0.98. This indicates that analytical results produced by ALS Minerals can be reproduced by ACME with a high confidence.

### ***Metallurgical Testing***

A series of metallurgical tests have been conducted on several samples from the Windfall Main Zone in 2011, 2012, 2013, and 2014. Conclusion of the studies indicate that the Windfall Lake precious metals bearing mineralization is amenable to recovery by conventional processing routes. Gold recovery is expected to lie in the range of 95.7% and silver recovery is expected to be around 74%, based on a process that incorporates flotation of the ground material followed by the cyanide leaching of both flotation products.

Preliminary tests were completed by G&T Metallurgical Services in 2011 on a 25.6-kg sample of core taken from core borehole (EAG-10- 96) on the Property, designated as Master Composite 1. This composite sample represents sulphide-rich gold mineralization from Zone 27, at a depth of approximately 250 m below the surface, and with a measured gold grade of 3.93 g/t. These tests consisted of a single gravity-flotation test, to provide an early indication of the potential gold recovery. A 10-kg sub-sample of Master Composite 1 was subject to grinding, gravity concentration laboratory Knelson concentrator, and sulphide flotation of the Knelson gravity tails. This first series of tests did not allow the global gold recovery to be concluded, since the gold extraction method on the sulphide concentrate was not identified; however, it showed the potential of flotation on this material.

This was followed in 2012 with further testing on two separate composites from material collected in other sectors of the deposit and from different lenses. Master Composite 2 was weighing 107.1 kg and prepared from quarter core samples from nine different drillholes from Zone 27 and Caribou and with a measured gold grade of 5.22 g/t. Low Grade (LG) Composite 1 was weighing 43.5 kg and was prepared from four distinct drillholes from the Caribou and the Zone 27 lenses. It had a measured gold grade of 2.27 g/t. The test conducted on the Master Composite 2 sample only consisted in determining head assay, grinding, bulk sulphide flotation, followed by cyanidation of the flotation concentrate, whole rock cyanidation, gravity concentration followed by cyanidation of the gravity concentrate and cyanidation of the gravity tailings.

In 2013, another test was done on higher grade material that is more representative of the Windfall Project's mineral resources. Two composite samples from Zone 27 were collected; one from the western upper part and one from the lower part of the lens.

These two samples, named "West Upper Zone" and "Main Lower Zone" were prepared and shipped from the Windfall Lake Project to G&T Metallurgical Services on January 18, 2013. After crushing the two samples to 3.35 mm, G&T Metallurgical Services generated three samples. The

first sample, named Master Composite 3, was obtained by combining 18.4 kg of West Upper Zone 27 and 21.6 kg of Main Lower Zone 27. The remaining material was kept separated to have two other samples named West Upper Zone and Main Lower Zone weighing 38 and 26 kg, respectively.

A series of tests were conducted on the three samples including: head assays, acid-base accounting measurements. Additional work was conducted on the West Upper Zone 27 and Main Lower Zone samples 27 and include blending to prepare a composite, 15 kg was split and sent to Inspectorate in Richmond, British Columbia for a single semiautogenous grinding (SAG) design test, the remainder of each composite was crushed to less than 3.5 mm. From this material, 1 kg was split for head analysis and 10 kg was split to complete a ball mill Bond Work Index test.

The Master Composite 3 was split into 2 kg charges, and the following test work was performed using these charges:

- a Knelson gravity recovery test;
- flotation tests were performed on:
  - whole rock charges with different flotation parameters,
  - tails from the gravity recovery test, and
  - whole rock charges for generating products used in further tests; and
- cyanidation tests were performed on:
  - whole rock charges with different size reduction, and
  - flotation concentrates coming from previous flotation tests.

In 2014 Soutex reviewed the results of the previous test work conducted and identified a potential discrepancy between the reported head and the measured head. Indeed, the flotation test shows a consistent lower measured gold head grade compared to the calculated gold head grade from the leach test. Soutex, therefore, recommended additional testing to confirm the attainable gold recovery, with the flowsheet selected during the previous metallurgical test work.

The additional 2014 test work was performed on flotation tails generated during the flotation tests performed with the Master Composite 3. This test work consisted of cyanidation tests performed on flotation tails as is, and following a regrind step to measure the impact of fineness on the recovery potential.

### Grindability

The different results for grindability are presented in Table 4. The tests include a SAG design test developed by John Starkey. This test allows the sizing of a grinding circuit that incorporates a SAG mill. Proprietary Bond Ball Mill Work Index ("**BWI**") tests were also performed throughout the SAG design test work. Standard Bond BWI determinations were also conducted at G&T

Metallurgical Services on the different zones. The results show that this material is quite soft, in line with what is observed for high sulphide bearing material.

**Table 4. Grindability Test Results**

Sample	W <sub>SAG</sub> to 1.7 mm kWh/t	W <sub>BM</sub> to 150 µm kWh/t	W <sub>ror</sub> to 150 µm kWh/t	Bond BWI kWh/t
Master Composite 1	8.34	6.06	14.40	10.55
Master Composite 3	9.19	5.60	14.79	9.75
West Upper Zone	-	-	-	9.80
Main Lower Zone	-	-	-	11.50

#### Gravity Recovery

Gravity recovery testing was performed at the G&T Metallurgical Services laboratory, using a small-scale Knelson concentrator. The obtained concentrate was not upgraded with other technology, and the tails of the Knelson concentrate was treated using other processes to achieve plant recovery. The results of the gravity recovery testing are presented in Table 5.

**Table 5. Gravity Test Results**

Sample	Product	K80 µm	Weight (%)	Assay		Distribution		Gold
				Au g/t	Ag g/t	Au %	Ag %	Upgrade Ratio
Master Composite 1	Knelson concentrate	111	0.50	87.2		16.6		31
	Knelson tails	111	99.50	2.37		83.4		
Master Composite 2	Knelson concentrate	98	1.13	117.0	60.0	21.0	6.0	20
	Knelson tails	98	98.87	4.71	9.00	79.0	94.0	
Master Composite 3	Knelson concentrate	165	3.57	79.4	42.0	30.2	17.8	8
	Knelson tails	165	96.43	6.81	7.2	69.8	82.2	

#### Flotation

A series of 21 flotation tests were completed on material from the three composite samples, of which two were fed with gravity tests' tails and the 19 others with fresh feed. The results of all the tests are presented in Table 6, where the two tests run on gravity tails are identified as "Gravity+Rougher". The shown concentrate assays and recoveries for these two tests combine the gravity and the flotation concentrates.



**Table 6. Flotation Test Results**

Sample	Concentrate	Test #	K80 µm	Weight %	Assay		Distribution	
					Au g/t	Ag g/t	Au %	Ag %
Master Composite 1	Gravity + Rougher		111	14.6	18.8		97.0	
Master Composite 2	Rougher	Test 1	68	16.1	32.6	55.7	93.1	91.4
	Rougher	Test 2	98	15.9	33.4	56.2	93.8	91.4
	Rougher	Test 3	148	16.6	33.0	56.3	94.8	91.8
	Rougher	Test 5	234	19.0	25.0	47.5	91.1	91.7
Master Composite 3	Rougher	Test 4	165	22.3	54.7	48.8	95.9	93.6
	Rougher	Test 5	165	23.2	43.4	39.4	95.0	91.8
	Gravity + Rougher	Test 6	165	24.2	37.0	31.7	93.8	89.8
	Rougher	Test 7	165	23.3	39.3	36.2	95.5	91.7
	Rougher	Test 8	165	24.4	40.8	38.7	95.1	93.0
	Rougher	Test 9	165	25.9	41.1	34.1	94.9	92.3
	Rougher	Test 10	165	25.6	44.8	34.2	95.6	92.2
	Rougher	Test 15	165	26.3	39.5	36.7	95.7	92.9
	Rougher	Test 16	165	25.3	44.3	42.0	95.8	93.4
	Rougher	Test 19	165	27.6	25.5	30.4	93.5	90.5
	Rougher	Test 20	165	27.2	36.4	33.4	94.7	92.1
		Average		165	25.0	40.6	36.9	95.0

Cyanidation

Leaching tests using cyanidation were used for extracting gold from whole rock samples and on flotation process products.

Flotation Concentrate Cyanidation

The flotation concentrate obtained in the test work needs to be processed to complete the gold recovery, and two processing roads can be considered:

1. sending the concentrate to a smelter; and
2. dissolving the precious metals of the concentrate:
  - o leaching with cyanide, and
  - o recovering with activated carbon process.

Given the low precious metal grades contained in the flotation concentrate (40 g/t gold), the tonnage produced (300 t/d based on a 1,200 t/d mill), and the distance to the nearest smelter (400

km from Horne smelter in Rouyn-Noranda), sending the sulphide concentrate to the nearest smelter would be uneconomical. The cyanide leaching of the concentrate appears to be the most suitable process. The results of the flotation concentrate cyanidation are presented in Table 7.

**Table 7. Flotation Concentrate Cyanidation Test Results**

Sample	Test	Source	K80 µm	Pre-Leach h	PbNo3 g/l	Initial NaCN g/l	Dissolution		Reagent Consumption		Grade	
							Au %	Ag %	NaCN kg/t	CaO kg/t	Au Feed g/t	Au Tails g/t
Master Composite 2	Test 10	Ro Con Test 3	15	-	-	4.9	95.8	95.5	11.12	1.31	43.1	1.79
Master Composite 3	Test 13	Ro Con Test 9	20	-	-	0.5	94.8	78.9	2.46	4.22	41.1	2.14
	Test 17	Ro Con Test 15	12	8	-	0.5	96.0	70.8	4.55	5.06	39.5	1.59
	Test 18	Ro Con Test 16	12	8	0.5	0.5	96.7	81.2	4.53	5.22	44.3	1.47
	Test 1 1	Ro Con Test 7	36	-	-	1.0	90.6	78.7	1.62	1.58	39.3	3.68
	Test 12	Ro Con Test 8	18	-	-	1.0	95.3	87.6	4.07	3.43	40.8	1.91
	Test 21	Ro Con Test 19	19	8	-	1.0	92.8	85.5	4.60	4.05	25.5	1.82
	Test 22	Ro Con Test 10	20	8	0.5	1.0	94.1	88.9	4.30	4.23	36.4	2.16
		Average for 18-20 µm	19				94.3				36.0	2.01
		Average for 12 µm	12				96.3				41.9	1.53

The gold grade of the flotation tails was sufficiently high, suggesting the presence of gold recoverable by leaching of the flotation tails. A series of tests was then initiated on material coming from the 2013 series of tests. The tests show that leaching the flotation tails reduces the final tails grade by 0.6 to 0.7 g/t, which translates into an increase in gold recovery of at least 4%. Although the material was grinded to 51 µm during the test, the typical grind size for such mineralization is 70 µm, which provides sufficient leach.

The cyanidation tests show that leaching is easily achievable with low cyanide and lime consumption. No particular problems are expected in the carbon adsorption and cyanide destruction process.

The results of whole rock cyanidation on the Master Composite 3 showed a gold dissolution of 88.8%, while rougher flotation recovery is at 95%. Even if some loss of gold occurred with the cyanidation of the flotation concentrate, the option of flotation is the best one since it would be necessary to grind all the feed of the mill instead of grinding only the flotation concentrate to reach the same recovery.

Based on the results of the tests, the optimal flowsheet would be described as follows:

- grinding the material to a P80 of 70 µm;
- flotation of sulphide;
- leaching of the sulphide flotation concentrate:
  - regrind to obtain a P80 of 12 µm,
  - cyanide leaching,

- gold recovery with activated carbon;
- leaching of the sulphide flotation tails:
  - cyanide leaching,
  - gold recovery with activated carbon;
- extraction of gold from activated carbon; and
- electrowinning followed by gold smelting.

The recovery of this process is estimated from the results obtained during the 2013-2014 test work, where the tested material's grade was the closest to the current stated resources. The feed grade used for this calculation is also the value obtained by cyanidation of the product wherever it is available. The recovery has then to be estimated with the average grade of the tails material, compared to the head grade, and is presented in Table 8. A recovery of 95.7% for gold and 74.4% for silver is suggested.

**Table 8. Suggested Flowsheet Recovery**

Component	Weight %	Gold		Silver	
		Grade g/t	Recovery %	Grade g/t	Recovery %
Feed	100.0	10.83	100.0	10.00	100.0
Flotation Concentrate Leach Tails	25.0	1.53	3.5	9.50	23.8
Flotation Tails Leach Tails	75.0	0.11	0.8	0.25	1.9
Recovery	100.0	10.37	95.7	7.44	74.4

### *Mineral Resource Estimates*

There are currently no mineral reserves calculated for the Windfall Lake Project.

The November 2014 mineral resource model represents the fourth resource evaluation prepared for the Windfall Lake Project. The mineral resource estimation work was undertaken by Mr. Dominic Chartier, P.Geo. (OGQ#874) under the supervision of Dr. Jean-François Couture, P.Geo. (OGQ#1106, APGO #0197), both from SRK Consulting. Mr. Chartier and Dr. Couture are independent "qualified persons" as defined in NI 43-101. The effective date of the Eagle Hill Mineral Resource Statement is November 13, 2014.

The Windfall Lake Project database provided to SRK Consulting contained 729 core boreholes, drilled between 1977 and 2014. The updated database contains a total of 739 core boreholes. Of these, 614 boreholes (173,322 m) completed between 1996 and 2014 were drilled in the area of mineral resource and were considered for geological and mineral resource modelling. SRK Consulting audited the database used for the mineral resource evaluation, found no errors, and considered the database suitable for resource estimation.

The mineral resources were estimated using a geostatistical block modelling approach, informed from core borehole data and constrained by a traditional wireframe interpretation for the boundaries of the gold mineralization. The mineral resource model is based on a re-interpretation of the geology of the Windfall Lake Project completed for the previous resource model. This re-interpretation provides a much better confidence on the controls on the distribution of the gold mineralization, strengthening the confidence in the continuity of the gold mineralization between the sampling points. The main feature of the geological setting is a swarm of felsic to mafic dikes crosscutting the felsic to intermediate volcanic rock. The gold mineralization occurs primarily within northeast-trending corridors, characterized by variable hydrothermal alteration and pyrite mineralization. The bulk of the gold mineralization occurs in the Zone 27, Caribou, and Mallard corridors, which was sampled by drilling on sections spaced at between 25 to 50 m. Nineteen grade domains (or lenses) were defined in the three gold mineralization corridors of the Windfall Main Zone. Sixteen zones occur above the Red Dog dike, and three are modelled below the dike. In addition, six new domains were modelled to represent the newly identified colloform-crustiform quartz veins. Five zones occur in the northeast side of the Caribou corridor and one in the Zone 27 corridor. The veins were modelled as moderately dipping zones trending northeast-southwest. The largest zone is vein 466 in the Zone 27 corridor with a strike extent of 300 m and a dip extent of 200 m. At a minimum width of 0.5 m and an average width of approximately 1.5 m, the colloform-crustiform veins can reach a thickness of nearly 6 m, locally. Finally, a broad pyrite stockwork was also re-modelled based on the geological logging information considering visual estimate of pyrite content, above 1% pyrite, logged by Eagle Hill geologists in the Windfall Main Zone. The pyrite stockwork zone consists of a broad halo hosting the bulk of the gold mineralization in the Windfall Main Zone. The pyrite stockwork zone was re-modelled with broad sectional polylines to the top of the Red Dog dike to encapsulate all the resource domains in the Windfall Main Zone.

Resource domains were modelled in the three main gold mineralization corridors by interpreting polylines on vertical sections to define the boundaries of the gold mineralization at a grade threshold of 0.5 g/t gold at a minimum width of 1 m. Polylines were snapped to sample intervals. The domains were modelled as a series of steeply to moderately dipping zones trending subparallel to the east-northeast trending porphyry dikes. Three-dimensional solids were created using a radial base function interpolation of the polylines and used as grade domains for geostatistical studies and to constrain grade estimation. The geological and some of the mineralization wireframes were constructed using Leapfrog Geo®, Leapfrog Mining® and GEMS (v. 6.6) modelling software. Statistical analysis and variography was completed with Geostatistical Software Library (GSLib v. 10.0), while the resource estimation work was completed in GEMS (v. 6.6).

Raw assay data were composited to 1-m lengths for geostatistical analysis, variography, and grade estimation. The impact of capping was analyzed, and capping levels were adjusted for each resource domain separately. Capping was applied to the composited data. A rotated block model was created using GEMS (c. 6.4) to cover the entire extent of the Windfall Lake Project. Block size was set at 5 m by 5 m by 5 m. SRK Consulting used GSLib to model the spatial continuity of the capped gold composites. Three different spatial metrics were assessed to select estimation parameters. The block model was populated with a gold grade by ordinary kriging informed from capped composites and estimation parameters derived from variography results. Depending on the domain, two or three estimation runs were used to populate the block model. The first pass generally considered the full variogram range, while the second and third passes considered 1.5

and 2 times the variogram ranges, respectively. Specific gravity was either estimated into the grade domains or an average value was assigned to the geological domains.

Block model quantities and grade estimates were classified according to the CIM Definition Standards for Mineral Resources and Mineral Reserves (November 2010) ("**CIM Definition Standards**") using a combination of tools, including the confidence in the geological interpretation, variography results, search ellipse volume, and kriging variance.

The mineral resources were classified using a combination of tools, including confidence in the geological interpretation, variography results, search ellipse volume, kriging variance, and the average distance between block estimates and the informing composite data. In the Zone 27, Caribou, and Mallard grade domains, SRK Consulting considers that blocks estimated during the first two estimation passes, that considered 1.5 times the full variogram ranges within an average distance to the nearest composite of 50 m, including those blocks inside the colloform-crustiform quartz vein domains that intersect these grade domains, can be classified in the Indicated category within the meaning of the CIM Definition Standards.

All remaining blocks estimated in the grade domains, including Zone 27, Caribou, Mallard, Below Red Dog, F17, F51, and the colloform-crustiform quartz veins, that were not classified Indicated, were classified as Inferred. All blocks from the F17 and F51 zones were classified as Inferred, unchanged from the previous resource evaluation.

SRK Consulting considers that the gold mineralization from the Windfall Lake Project is amenable for underground mining extraction. After review, SRK Consulting considers that it is appropriate to report mineral resources at a cut-off grade of 3.0 g/t gold, based on a gold price of US\$1,200/oz of gold and a gold recovery of 96%. The mineral resource statement for the Windfall Lake Project is presented in Table 11. The effective date of the mineral resource statement is November 13, 2014.

### Capping Values

For each domain, a capping value was determined by analyzing histograms and cumulative frequency plots of gold composites. Capping values were adjusted iteratively by reference to summary statistics to ensure robustness of statistics to the chosen capping values (Table 9).

**Table 9. Capping Values**

Zone	Gold Capping		
	Au (g/t)	Capped Composites	Percentile Cap (%)
Zone 27	200	7	99.82
Caribou	100	3	99.84
Mallard	100	1	99.12
Below Red Dog (RD_FW)	100	1	99.63
F17	40	4	98.24

Zone	Gold Capping		
	Au (g/t)	Capped Composites	Percentile Cap (%)
F51	10	5	93.51
Colloform Qtz. Veins	250	4	98.76
Red Dog	20	10	99.93
Rhyolite	15	6	99.95
Andesite	60	7	99.98
Frag. Dike	15	6	99.93
Qtz. Porphyry	5	7	99.87
Pyrite SW	100	12	99.99

### Specific Gravity

The specific gravity database contains 24,463 measurements collected by Eagle Hill personnel from fresh core using pycnometry. The specific gravity data were imported into the GEMS project and each measurement was coded to the appropriate grade zone and geological domain. In all, 24,259 measurements are located within the grade and geological domains. SRK Consulting assigned an average specific gravity value for each grade and geology domain.

### Block Model Definition

A block model was created in GEMS to cover the entire area of gold mineralization at the Windfall Lake Project. The block model is rotated by 30° counter-clockwise such that the block model is oriented subparallel to the general strike of the gold mineralization. Block size is 5 m by 5 m by 5 m. The model parameters are summarized in Table 6.

**Table 10. Block Model Parameters for the Windfall Lake Gold Deposit**

Direction (Rotated 030°) <sup>(1)</sup>	Origin <sup>(2)</sup>	Size (m)	Number of Blocks
East-West	451,630	5	537
North-South	5,433,885	5	203
Vertical	450	5	200

Notes:

- (1) Positive rotation in anti-clockwise direction.
- (2) Universal Transverse Mercator (UTM) coordinates datum North American Datum (NAD) 83 Zone 18.

The mineral resource statement is listed in Table 11. SRK Consulting considers that the gold mineralization of the Windfall Lake Project is amenable for underground extraction. The Corporation has been advised that a reporting cut-off grade of 3.0 g/t gold is appropriate for this project considering a gold price of US\$1,200 per ounce of gold and a gold recovery of 96%.

**Table 11. Mineral Resource Statement<sup>(1)</sup>, Windfall Lake Gold Project, Québec,  
SRK Consulting (Canada) Inc., November 13, 2014**

<b>Classification/Zone</b>	<b>Quantity (‘000 t)</b>	<b>Grade Gold (g/t)</b>	<b>Contained Gold (‘000 oz)</b>
<b>Indicated</b>			
Zone 27	1,714	8.48	468
Caribou	910	6.99	204
Mallard	123	10.29	41
Below Red Dog	–	–	–
F17 Zone	–	–	–
F51 Zone	–	–	–
Colloform Quartz Veins	16	70.67	35
Pyrite Stockwork	–	–	–
Red Dog Sill/Dikes	–	–	–
Fragmental Dike	–	–	–
<b>Total Indicated</b>	<b>2,762</b>	<b>8.42</b>	<b>748</b>
<b>Inferred</b>			
Zone 27	335	6.16	66
Caribou	336	4.90	53
Mallard	85	11.27	31
Below Red Dog	447	9.14	131
F17 Zone	167	7.51	40
F51 Zone	47	4.43	7
Colloform Quartz Veins	154	18.68	92
Pyrite Stockwork	1,665	7.55	404
Red Dog Sill/Dikes	248	4.04	32
Fragmental Dike	34	3.99	4
<b>Total Inferred</b>	<b>3,512</b>	<b>7.62</b>	<b>860</b>

Note:

- (1) Mineral resources are not mineral reserves and have not demonstrated economic viability. All figures have been rounded to reflect the relative accuracy of the estimates. Reported at a cut-off grade of 3.0 g/t gold; assuming an underground extraction scenario, a gold price of US\$1,200/oz, and a metallurgical recovery of 96%.

### ***Mining Methods***

The Windfall Lake PEA is based on the mineral resource estimate prepared by SRK Consulting with an effective date of November 13, 2014. For the purposes of the Windfall Lake PEA, all

mineral resources classified as inferred and indicated by SRK Consulting in Section 14.0 of the Windfall Lake PEA have been considered in the mine evaluation. There are no measured resources in the deposit.

The mineral resources considered include the vertical interval from surface (400 m elevation) to the 490 m elevation. Over the vertical interval from surface to the 890 Level, the resource consists of a majority of lenses or zones dipping at 85 to 90°, with a wide variation in thickness from approximately 2 to 32 m. There are a number of shallow lenses or zones that dip at approximately 40 to 45°, some of which are high-grade areas. The mining shapes, designed at a 5 g/t cut-off grade, selected to develop the mine production schedule contain the internally diluted Indicated and Inferred Resources, as summarized in Table 12.

**Table 12. Classification of Resource Contained in Mine Shapes<sup>(1)</sup>**

<b>Mineral Resource Classification (in Mining Shapes)</b>	<b>Tonnes</b>	<b>Grams</b>	<b>Ounces</b>	<b>Grade (g/t)</b>	<b>Resource Classification (%)</b>
Indicated	1,500,666	14,457,326	464,813	9.63	50.4
Inferred	1,479,208	13,395,435	430,693	9.06	49.6

Note:

(1) Data in this table includes internal dilution only.

The final Life of Mine ("LOM") production plan, including fully diluted and recovered mineralized material, is shown in Table 13.

**Table 13. LOM Production Quantities<sup>(1)</sup>**

<b>Mine Method</b>	<b>Units</b>	<b>Total</b>
Sill	t	390,890
Mechanized Cut-and-fill	t	623,385
Longhole	t	2,249,199
<b>Total</b>	<b>t</b>	<b>3,263,474</b>
Grade	g/t	8.26
Contained Metal (mined)	koz	866

Note:

(1) Data in this table includes internal dilution (calculated from the block model) and external dilution (calculated using a ratio 16.6% of mine shape tonnes at a grade of 1.19 g/t gold for the longhole mine method and 10% at a grade of 0.67 g/t gold for the mechanized cut-and-fill mine method), as well as 95% mine recovery.

In order to minimize development requirements, and take advantage of the deposit geometry consisting of elongated lenses and zones while retaining a bulk mining approach, the longitudinal longhole retreat mining method was selected as the predominant extraction method. The mechanized cut-and-fill method was deemed the most suitable for narrower, shallow dipping



lenses or zones. Both the longhole and mechanized cut-and-fill methods will require the use of consolidated (cemented rock fill) and unconsolidated backfill during the respective stoping cycles.

Upon definition of the mining shapes using a 5.00 g/t cut-off grade, the economic value of the potential mineable resource within each mine shape was tabulated as well as an estimated cost to extract the mine shape. An operating profit by mine shape was determined. Approximately a dozen mine shapes were dropped from inclusion into the mine production plan as the mine shapes were not deemed profitable enough to warrant the capital development required for the respective mine shape.

For the purposes of calculating the tonnage and grade of the potentially mineable mineral resource, an external (unplanned) longhole mining dilution of 16.6% carried forward from previous work (Stantec 2013), an external (unplanned) mechanized cut-and-fill mining dilution of 10% (assumed) and an overall mining recovery of 95% were applied to the tonnage and grade of the mining shapes that were created. The internal (planned) mining dilution was calculated using the sub block model. The internal dilution is calculated by summing the blocks within individual mine shapes that were below the economical cut-off grade. The cut-off grade for a specific mine shape was derived from the selected mine method for each mine shape. Thus, each mine shape has a unique internal mining dilution.

The primary access to the underground mine will be via the existing East Portal (No. 1) and surface ramp, and the new West Portal (No. 2) and surface ramp. Both ramps will be connected at approximately the 180 Level (220 m elevation), and will service the East and West upper zones of the deposit. All new main ramp development will be 5.5 m wide by 5.5 m high, at a nominal grade of 15%. The average LOM ramp advance will be 4 m/d, and will include remucks, miscellaneous in-ramp cut outs, and level access "stubs". The level access headings will generally be 5 m wide by 5 m high, and the initial entry to the remuck will be the same size as the main ramps. Since the bulk of all level development will consist of multiple headings, a nominal average advance rate of 6 m/d has been used over the LOM. The development and production schedules are shown in 14 and 15.

**Table 14. Development Schedule**

Development Description		Design (m)	Misc. (m)	Total (m)	Year (m)						
					-2	-1	1	2	3	4	5
Ramp(s)	Ramp Total	6,349	444	6,793	1,610	1,552	1,400	1,092	1,138	-	-
Vent Raises	Raise Total	3,492	349	3,841	536	592	490	700	802	720	-
Lateral Development	Level Development Total	4,285	643	4,928	1,420	1,547	1,599	207	155	-	-
Sill Development	Sill Development Total	10,304	-	10,304	0	1,747	1,728	1,710	1,833	2,291	995
<b>Capital Development Summary</b>											
Ramp		-	-	6,792	1,610	1,552	1,400	1,092	1,138	-	-
Raise		-	-	3,840	536	592	490	700	802	720	-
Lateral Development		-	-	4,928	1,420	1,547	1,599	207	155	-	-
<b>Total Capital Development</b>		-	-	15,560	3,566	3,691	3,489	1,999	2,095	720	-
<b>Operating Waste Development</b>											
Sills		3,831	-	3,831	-	576	567	666	828	793	401

The LOM production profile was determined using Taylor's Rule as a guideline, a shift schedule of 10 h, 2 shifts per day, and 350 d/a. The effective working time per shift was considered to be 7.5 h at 50 min working time per hour. The nominal annual production rate is 420,000 t and is summarized in Table 15.

**Table 15. Production Schedule<sup>(1)</sup>**

Production Summary	Total	Year of Production								
		-1	1	2	3	4	5	6	7	8
Sills (t)	390,890	68,909	72,368	62,652	60,230	89,760	36,971	-	-	-
Stopes – Longhole (t)	2,249,199	-	309,151	308,482	262,088	171,438	266,304	412,324	383,810	135,602
Stopes – Mechanized Cut-and-fill (t)	623,385	-	38,481	48,867	97,681	158,802	116,724	7,675	36,190	118,964
Total Production (t)	3,263,474	68,909	420,000	420,000	420,000	420,000	420,000	420,000	420,000	254,566
Grade (g/t)	8.26	7.86	7.90	8.21	8.08	9.08	8.05	8.15	8.04	8.84

Note:

(1) Costs for mine production in Year -1 are considered capital costs

### *Processing*

Metallurgical test work completed on several samples from the Windfall Lake Project provided sufficient data to design the appropriate process flowsheet for the Windfall Lake mineralization.

Based on the review of previous and new test work results, the Windfall Lake precious metals bearing mineralization is amenable to recovery by conventional processing routes. Gold recovery is expected to lie in the range of 95.7% and silver recovery is expected to be around 74%, based on a process that incorporates flotation of the ground material followed by the cyanide leaching of both flotation products.

The process will consist of a 1,200 t/d (nominal) single line, starting with a jaw crusher receiving mineralized material from the mine. The discharge from the jaw crusher will be sent to a stockpile. The material from the stockpile will then be sent to the run-of-mine ("**ROM**") mill that will operate in a SAG grinding mode. The mill will operate in closed circuit, with hydrocyclones for size classification.

The cyclone overflow will be sent to a rougher and scavenger flotation circuit, where sulphide material will be separated from non-sulphide material. Both flotation circuit products (sulphide and non-sulphide) will be treated for gold recovery in their dedicated conventional CIL circuit.

The loaded carbon from both CIL circuits will be treated in the same elution system. The loaded carbon will be washed with a hydrochloric acid solution to remove carbonates. Gold will then be removed from the loaded carbon by elution (stripping), followed by electrowinning. The electrowinning circuit will produce a high-grade gold concentrate that will be sent for smelting of doré in an electric induction furnace. The stripped carbon will be regenerated in a reactivation kiln before being reintroduced to the process. Fine carbon will be eliminated (and recovered) constantly from the process to avoid gold loss, with fresh carbon continuously being added to the process.

The cyanide contained in the tailings from the non-sulphide mineral (flotation tailings) CIL circuit will be eliminated in a cyanide destruction tank with the SO<sub>2</sub>-air process using metabisulphite.

The cyanide contained in the concentrate from the sulphide mineral (flotation concentrate) CIL circuit will be eliminated in a dedicated cyanide destruction tank with the SO<sub>2</sub>-air process using metabisulphite.

Once the cyanide is destroyed in both the sulphide and non-sulphide rejects, both will be combined in a pump box and pumped to the tailings pond for disposal.

### ***Project Infrastructure***

Surface infrastructure and service requirements to support the mining and processing operations are summarized in the following sections. Infrastructure requirements were assessed on a 1,200 t/d production rate scenario, and include:

- off-site road access;
- off-site sand quarry;
- on-site access roads, mine haul roads and parking lot;
- mineralized gold bearing material storage stockpile;
- primary crusher and stockpile;
- process mill building:
  - air compressor room,
  - power generation room;
- portal access to underground works (Portal No. 1 and Portal No. 2);
- dual fresh air fan and return air raise with associated heater systems;
- explosives magazine;
- ancillary buildings:
  - accommodations camp,
  - administrative office,
  - mine dry,
  - mechanical and electrical shop and warehouse,
  - cold storage warehouse,

- security gatehouse and parking;
- on-site power generation (LNG generator with cryogenic tank system) and distribution;
- TSF, disposal pipeline from mill, and reclaim system to mill;
- waste rock management facility;
- fuel storage and distribution;
- surface water supply and distribution (process water makeup, service water and firefighting);
- groundwater well supply, potable water treatment and distribution;
- surface runoff collection and management and excess site water treatment; and
- sewage and waste management.

At the Windfall Lake Project site, buildings to support the administrative and operational functions of the Windfall Lake Project include an accommodations camp, administration building, mine dry, truck shop, warehouse and maintenance building, fueling facilities, security/first aid, and an explosives storage area. On-site access and secondary roads, as well as haul roads within the Windfall Lake Project site, will be upgraded to provide access to the underground portals, around material stockpiles, waste management pads, TSF, and site facilities.

Power supply to support the Windfall Lake Project's anticipated production load is proposed to be serviced with on-site generation. A new power plant will be designed to supply the production-level electrical load of 8.5 MW, utilizing five dedicated LNG generators and one generator as back-up.

Site services to support operations include a fresh water supply, to be drawn from a local surface water source on the Windfall Lake Project site. The fresh water drawn from the intake system will be collected in an aboveground storage water tank, and distributed for process makeup, firewater, and service water. Potable water is proposed to be drawn from groundwater wells and treated to drinking water standards. Other ancillary site services include the collection and treatment of sewage via septic tank and adsorption field, on-site communication infrastructure, collection, and treatment of surface water runoff on site, management of domestic waste, as well as a service vehicle fleet for the maintenance of roads and other surface infrastructure components.

The new waste rock produced by the Windfall Lake Project will be placed on the existing lined waste pad already on site. The mineralized material and the waste rock are considered potentially acid generating ("PAG") as a preliminary assumption. Consequently, runoff water around the mineralized material, the overburden, and the waste pads will be collected by a network of ditches in order to reach the existing accumulation pond for further treatment. The existing polishing pond and the current discharge point into the environment will be used. The PAG waste rock will be put on the existing lined waste pads. This pad was previously used by Noront Resources as the mineralized material pad. Required repairs to the waste rock liner are included in the capital costs.

The same water treatment system that will be used to treat the "contact water" from the mineralized material, waste, and overburden pads will be used to treat the dewatering mine water.

The TSF is located approximately 4 km southwest of the processing plant. The TSF presented in this study consists of one cell capable of storing approximately 2.2 mm<sup>3</sup> of tailings. The design of the TSF considers that the tailings are PAG, and consequently, the bottom of the TSF cell must be lined with a geomembrane to cover an area measuring about 350,000 m<sup>2</sup>. Assuming that saturated tailings will be liquefiable, a central raise dike method has been proposed to limit the construction costs, and to ensure slope stability under any circumstances. All excess "contact water" from the TSF that will not be reclaimed by the processing plant will be pumped to a water treatment system. The TSF will require its own water treatment unit.

### ***Potential issues***

All potential impacts of the Windfall Lake Project will be assessed during the environmental and social impact assessment ("ESIA") that should be conducted by the Corporation to advance the Windfall Lake Project.

However, at this time, it can be assumed that the Windfall Lake Project's main potential issues will be related to the water quality (surface water and underground), the potential loss of some small water courses and water bodies, and modifications to the current land and resource uses by Aboriginal and non-Aboriginal users.

In addition to the ESIA process mentioned above, several other environmental permits and authorizations will be required.

### ***Social or Community Impact***

The Windfall Lake Project is located on Category III lands and Aboriginals have shown an interest in the territory. The Windfall Lake Project site is uninhabited. The closest residential areas are located in the towns of Lebel-sur-Quévillon and Chapais, as well as the Cree community of Waswanipi. The Windfall Lake Project site falls within the Traditional Territory of the Waswanipi Cree First Nation, including parts of two traplines (lots W-25A and W-25B).

Eagle Hill has an advanced Exploration Agreement in place with the Cree First Nation of Waswanipi, the Grand Council of the Crees Eeyou Istchee, and the Cree Regional Authority. In addition, informal initial discussions have been held with some stakeholders since the beginning of the Windfall Lake Project. As the Windfall Lake Project progresses, a formal communication and consultation plan will be developed by Eagle Hill to engage both the Aboriginal and non-Aboriginal stakeholders. The objectives of these activities will be to inform and consult the First Nations and the public on the Windfall Lake Project activities, to address their concerns and to collect their comments. Other agreements may have to be negotiated with the First Nations involved as the Windfall Lake Project progresses.

### ***Capital and Operating Costs Estimates***

The capital and operating cost estimate has an accuracy range of -10% +35%, which is within the acceptable range for a Preliminary Economic Assessment. A contingency has been applied to the

capital costs; no contingency has been applied to the operating costs. No escalation provisions are included for costs incurred during the periods of project execution or the LOM operations. All costs are based on Q4 2014.

The mining capital cost estimate is based on first principle tabulations for labour and consumables for development capital, budgetary quotes for equipment, benchmark scaling from projects, budget pricing from suppliers, quantity take-offs from basic engineering, and the application of unit rate costs acquired from TetraTech's in-house database. Stockpile and environmental costs were scaled from historical projects after conducting technical reviews and developing applicable ratios. Smaller equipment and facility component costs have been factored based on industry norms for the type of facility being constructed, and adjusted to reflect local conditions where possible. The capital costs are presented based in a WBS Level 2 detail.

Exclusions to the capital cost estimate include:

- costs incurred for exploration, studies, or test programs up to the point in time a decision is made to proceed with project execution
  - these costs (identified as sunk costs) are included in the recommendation section,
  - the recommended costs are independent from the capital costs and are identified as costs required for the next two phases of advanced study as per NI 43-101;
- variances in cost due to schedule changes or force majeure events;
- contractor's performance bonds;
- taxes and/or duties; and
- project management reserves generally defined prior to project execution.

The Windfall Lake Project capital costs are summarized in Table 16. The detail for each Work Breakdown Structure ("WBS") category is provided in the following paragraphs.

**Table 16. Capital Cost Summary<sup>(1)(2)</sup>**

<b>WBS Level No.</b>	<b>WBS Level 1 Description</b>	<b>Total Capital Cost (\$ million)</b>	<b>Initial Capital Cost (\$ million)</b>	<b>Sustaining Capital Cost (\$ million)</b>
100	Underground Mining	82.5	43.2	39.3
200	Processing	51.0	51.0	-
300	TSF	22.9	18.8	4.1
400	Infrastructure	45.1	45.1	-
<b>Direct Capital Subtotal</b>		<b>201.6</b>	<b>158.2</b>	<b>43.4</b>
600	Indirect Capital	28.2	27.0	1.2
700	Owner's Cost	15.5	15.5	-

WBS Level No.	WBS Level 1 Description	Total Capital Cost (\$ million)	Initial Capital Cost (\$ million)	Sustaining Capital Cost (\$ million)
	<b>Non-direct Capital</b>	43.7	42.5	1.2
	<b>Total Capital without Contingency</b>	245.3	200.7	44.6
	<b>Contingency</b>	48.8	39.9	8.9
	<b>Total Capital with Contingency</b>	<b>294.1</b>	<b>240.6</b>	<b>53.5</b>

Note:

- (1) Numerical values may not add up due to rounding.
- (2) WBS – work breakdown structure.

### Underground Mining Capital Costs

The underground mining capital costs include:

- Underground development costs including overhaul of existing portal and construction of an additional portal, ramp and lateral development, ventilation raise, excluding stope access development and slot raise (which is included in the underground operating costs), that will begin two years prior to commencement of underground operations and occur throughout the underground mine life as lateral development is required per the mine schedule
- Surface facilities that include two 600 hp surface ventilation fan installations with natural gas air heating systems; both of the surface fan installations are required prior to the commencement of underground operations
- Underground mobile equipment that include all major equipment to support the underground development and production requirements; the mobile equipment procurement will be scheduled to satisfy development and production activity
- Underground fixed facilities that include surface compressors, fueling stations, refuge stations and latrines, underground satellite garages, electrical substations and rooms, ventilation auxiliary equipment based on six, 100 hp ramp fans and 9, 75 hp underground fans, and dewatering systems based on 16 submersible pumps and 3, 200 to 300 hp multi-stage centrifugal pumps. The details of the underground mining costs are listed in Table 17.

**Table 17. WBS Level 2 Underground Mining Direct Capital Cost Details<sup>(1)</sup>**

WBS Level 2 Description	Initial Capital Cost (\$ million)		Sustaining Capital Cost (\$)	Total Capital Cost (\$)
	Year -2	Year -1		
Underground Development	11.0	11.2	27.2	4.00
Surface Facilities	3.5	2.0	0.0	5.5

WBS Level 2 Description	Initial Capital Cost (\$ million)		Sustaining Capital Cost (\$)	Total Capital Cost (\$)
	Year -2	Year -1		
Underground Mobile Equipment	9.1	4.3	7.8	21.2
Underground Fixed Facilities	1.0	0.7	4.4	6.1
<b>Total</b>	<b>25.0</b>	<b>18.2</b>	<b>39.3</b>	<b>82.5</b>

Note:

(1) Numerical values may not add up due to rounding.

### Processing

The capital cost estimates include the initial capital (direct and indirect) for the Windfall Lake Project. No sustaining capital is considered as the project duration should not exceed the practical life of the selected equipment and the appropriate maintenance of the equipment is given. Architectural, steel, and concrete costs are based on recent similar projects. The new plant footprint considers all the indoor processing equipment except the stockpile and transfer conveyors which are located outside the main process building.

The installation cost is based on a typical installation time and on a typical Abitibi area hourly rate under the Québec construction decree. The rate includes supervision, as well as food and lodging, and was provided by Eagle Hill following discussions with local engineering and contracting firms.

The estimate covers the tailings pumping system (sulphides and non-sulphide combined) for a piping distance of 4.5 km from the pump discharge to the dedicated tailings pond's dump point with no difference in elevation.

Freight is included in the direct capital costs based on 5% of the equipment cost. Freight has not been factored into the indirect costs for the processing capital as a result. Additional installation material related costs are included at 5% of the equipment cost.



**Table 18. WBS Level 2 Processing Direct Capital Cost Details<sup>(1)</sup>**

WBS Level 2 Description	Initial Capital Cost (\$ million)		Sustaining Capital Cost (\$)	Total Capital Cost (\$)
	Year -2	Year -1		
Site Preparation	0.2	0.0	-	0.2
Concrete Work	1.7	0.6	-	2.3
Process Building	1.1	3.4	-	4.5
Crushing and Reclaim	1.4	1.4	-	2.8
Grinding	2.5	1.7	-	4.1
Flotation, Regrind, Thickeners	4.6	3.0	-	7.6
CIL	0.7	1.1	-	1.9
CIL Tails	0.9	1.4	-	2.4
Cyanide Destruction	1.1	1.7	-	2.8
Gold Recovery and Casting	1.8	1.8	-	3.7
Reagents	1.1	1.6	-	2.7
Utilities	0	0.8	-	0.8
General	0	7.2	-	7.2
Electric and Controls	1.2	7.1	-	8.3
<b>Total</b>	<b>18.3</b>	<b>32.7</b>	<b>-</b>	<b>51.0</b>

Note:

(1) Numerical values may not add up due to rounding Tailing Storage Facility.

The direct costs related to the TSF and water treatment infrastructure are estimated at \$22.9 million, and include the following items:

- water treatment system for surface "contact water" and mine dewatering;
- fix visible tears of the existing mineralized material pad liner that will be used as a waste pad;
- liner installation under the ore pad and surrounding ditches to collect runoff;
- construction of the TSF;
- upgrade of the existing water treatment unit to treat excess "contact water" from the TSF; and
- closure costs for entire mine site reclamation, including TSF.

The TSF capital cost at WBS Level 2 is shown in Table 19.

**Table 19. WBS Level 2 TMF Capital Cost Details**

WBS Level 2 Description	Initial Capital Cost (\$ million)		Sustaining Capital Cost (\$)	Total Capital Cost (\$)
	Year -2	Year -1		
Water Treatment for Mine Dewatering	-	0.4	-	0.4
Mill Feed and WRMF	-	0.1	-	0.1
TSF	-	8.3	4.1	12.4
Closure Costs	-	9.9	-	9.9
<b>Total</b>	-	<b>18.8</b>	<b>4.1</b>	<b>22.9</b>

Site Infrastructure

The site infrastructure capital costs are comprised of capital costs not directly attributed to the operation of the mine, processing, or TSF construction. This includes surface development, facilities, and mobile equipment to support non-production activity on site. The site infrastructure cost at WBS Level 2 is shown in Table 20.

**Table 20. WBS Level 2 Site Infrastructure Direct Capital Cost Details**

WBS Level 2 Description	Initial Capital Cost (\$ million)		Sustaining Capital Cost (\$)	Total Capital Cost (\$)
	Year -2	Year -1		
Off-site Roads	0.6	0.0	-	0.6
Sand Quarry	1.5	0.0	-	1.5
Site Development	0.4	1.6	-	2.0
On-site Roads	0.3	0.3	-	0.6
Tailings Reclaim System	0.0	1.4	-	1.4
Surface Water Management	0.2	0.2	-	0.4
Site Buildings	2.6	7.8	-	10.4
Fuel Storage	0.0	0.4	-	0.4
LNG Power Generation	8.7	8.7	-	17.4
Power Distribution	0.0	5.5	-	5.5
Mobile Fleet	0.0	1.2	-	1.2
Water Distribution	0.0	3.1	-	3.1
Sewage System	0.0	0.5	-	0.5
<b>Total</b>	<b>14.4</b>	<b>30.8</b>	-	<b>45.1</b>

Indirect Costs for Mining, TSF, Site infrastructure, and Environment

Indirect costs are incurred during project execution, as well as during the operational years when direct capital expenditures are scheduled, which require support. The various EPCM, spares, and freight costs were calculated based on the direct capital costs at the WBS Level 2 definition. Table 21 summarizes the indirect costs for the Windfall Lake Project.

**Table 21. WBS Level 2 Indirect Capital Cost Details**

WBS Level 2 Description	Initial Capital Cost (\$ million)		Sustaining Capital Cost (\$)	Total Capital Cost (\$)
	Year -2	Year -1		
Process Indirects	3.1	5.5	0.0	8.6
EPCM	1.6	6.1	0.6	8.3
Temporary Facilities	3.4	4.4	0.0	7.7
Vendor Services	0.4	0.7	0.0	1.0
Spares	0.3	0.7	0.3	1.3
Freight	0.3	0.6	0.3	1.2
<b>Total</b>	<b>9.1</b>	<b>17.9</b>	<b>1.2</b>	<b>28.2</b>

Owner's Costs

The Windfall Lake Project owner's costs are incurred during project execution, as well as after operations to account for operations start-up in Year 1, and the closure and rehabilitation effort for the site at the conclusion of mine operations. The owner's costs at WBS Level 2 are shown in Table 22.

**Table 22. WBS Level 2 Owner's Capital Cost Details**

WBS Level 2 Description	Initial Capital Cost (\$ million)		Sustaining Capital Cost (\$)	Total Capital Cost (\$)
	Year -2	Year -1		
ERP and MRO s/w	-	0.8	-	0.8
Owner's Construction Team	2.9	4.3	0.0	7.2
Staff-Start-up, Commissioning	0.0	2.4	0.0	2.4
Recruiting/Training/Site Visits	0.3	1.0	0.0	1.3
Pre-start up Production Costs	0.0	3.0	0.0	3.0
Royalty Buy Back	0.0	1.0	0.0	1.0
<b>Total</b>	<b>3.1</b>	<b>12.4</b>	<b>0.0</b>	<b>15.5</b>

## Operating Costs

The total operating cost over the 7.8 years of LOM and the 5.2-year period allowed for closure activity is \$453.3 million. The overall operating unit cost, inclusive of closure activities, is \$138.90/t milled. The operating costs presented are based on an OBS, which represents operating departments that will directly bear the costs to support operational activity. The operating costs over the LOM are comprised of the following OBS departments:

- underground mining;
- processing;
- site services; and
- G&A.

Exclusions to the operating cost estimate include:

- royalty fees (included in the cash flow);
- corporate office costs;
- research and development;
- marketing costs;
- taxes;
- insurance; and
- price escalation for consumables/utilities/labour.

The Windfall Lake Project operating costs are summarized in Table 23. The detail for each OBS is given in the following paragraphs.

**Table 23. Annual Operating Costs Summary<sup>(1)</sup>**

OBS Level 1	OBS Level 1 Description		Totals	Year -1	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8	Year 9	Year 10	Year 11	Year 12	Year 13
100	Underground Mining	Subtotal (\$ million)	248.00	3.00 <sup>(2)</sup>	30.30	31.70	32.60	32.90	33.60	32.70	32.70	21.40	0.00	0.00	0.00	0.00	0.00
		\$/t milled	75.99	0.00	72.20	75.49	77.64	78.39	80.04	77.93	77.80	66.24	0.00	0.00	0.00	0.00	0.00
200	Processing	Subtotal (\$ million)	116.40	0.00	15.00	15.00	15.00	15.00	15.00	15.00	15.00	11.50	0.00	0.00	0.00	0.00	0.00
		\$/t milled	35.68	0.00	35.68	35.68	35.68	35.68	35.68	35.68	35.68	35.68	0.00	0.00	0.00	0.00	0.00
300	Site Services	Subtotal (\$ million)	59.60	0.00	7.50	7.50	7.50	7.50	7.50	7.50	7.50	5.70	0.30	0.30	0.30	0.30	0.30
		\$/t milled	18.26	0.00	17.74	17.74	17.74	17.74	17.74	17.74	17.74	17.74	0.00	0.00	0.00	0.00	0.00
400	G&A	Subtotal (\$ million)	29.30	0.00	3.80	3.80	3.80	3.80	3.80	3.80	3.80	2.90	0.00	0.00	0.00	0.00	0.00
		\$/t milled	8.970	0.00	8.97	8.97	8.97	8.97	8.97	8.97	8.97	8.97	0.00	0.00	0.00	0.00	0.00
<b>Project Total (\$ million)</b>			<b>453.30</b>	<b>0.0</b>	<b>56.50</b>	<b>57.90</b>	<b>58.80</b>	<b>59.10</b>	<b>59.80</b>	<b>58.90</b>	<b>58.90</b>	<b>41.60</b>	<b>0.30</b>	<b>0.30</b>	<b>0.30</b>	<b>0.30</b>	<b>0.30</b>
<b>\$/t Milled with Closure and Year -1</b>			<b>138.90</b>	<b>-</b>	<b>134.56</b>	<b>137.88</b>	<b>140.03</b>	<b>140.78</b>	<b>142.43</b>	<b>140.31</b>	<b>140.18</b>	<b>128.63</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>

Notes:

- (1) Numerical values may not add up due to rounding. OBS means "organizational breakdown structure". G&A means general and administrative.
- (2) In the discounted cash flow, operating costs incurred in Year -1 are considered capital costs.

## Underground Mining

The underground mining costs were derived from an analysis of the production schedule, mine method selected for individual mine shapes, and the waste rock re-handling required for backfill in the latter years of the LOM. Lateral development was not considered in the operating costs, as these costs are included in the underground capital estimate.

**Table 24. Mine Production Unit Cost by Mine Method**

Mine Production Data used for Cost Allocation	Mine Method		
	Longhole (t)	Mechanized Cut-and-fill (t)	Sills (t)
Average Annual Mine Production	297,500	87,500	35,000
Cost Component	Longhole (t)	Mechanized Cut-and-fill (t)	Sills (t)
<b>Stoping and Sills</b>			
Direct Mining Labour	9.74	26.50	16.46
Equipment Operating/Power	2.56	1.71	3.60
Drilling	3.14	3.30	3.18
Blasting	1.73	3.93	3.78
Stoping and Sills Subtotal	17.18	35.44	27.01
<b>Direct Maintenance Labour*</b>			
Direct Maintenance Subtotal	14.80	14.38	3.99
<b>Backfill</b>			
Direct Labour	2.62	2.51	-
Equipment Operating/Power	1.98	1.90	-
Materials - Ground Support (allowance)	2.62	2.51	3.16
Backfill Subtotal	7.23	6.93	3.16
<b>Trucking*</b>			
Direct Labour	4.91	4.77	1.33
Equipment Operating	2.55	2.86	0.69
Trucking Subtotal	7.46	7.64	2.01
<b>Services*</b>			
Labour	8.30	8.06	2.24
Equipment Operating/Power	1.71	1.66	0.46
Ventilation Power & Heating	6.54	6.35	2.87
Dewatering	1.84	1.79	0.50
Services Subtotal	18.38	17.85	6.07
<b>Operating Development**</b>			
Operating Development Subtotal	3.61	3.61	-
<b>Total Mine Operating Costs</b>	<b>68.65</b>	<b>85.85</b>	<b>42.24</b>

The geology staff and the mine technical staff are included in the overall mine operating cost. The geology component of the mine operating cost includes \$945,000/a from Years 2 to 6, and \$400,000 in Year 7 for updating resource models as required to support mine operations. Table 5 shows the actual headcount and annual cost by position for geology and mine technical staff

personnel included in the overall mine operating cost. The annual salaries include a 5 to 15% bonus and 55% benefit and fringe payment burden.

**Table 25. Geology and Mine Technical Staff Personnel and Annual Costs**

<b>Personnel</b>	<b>Shift Type</b>	<b>Annual Cost (\$)</b>	<b>No. Required</b>	<b>Total (\$)</b>
<b>Geology Staff</b>				
Chief Geologist	5 days on and 2 days off	198,000	1	198,000
Sr. Geology Technician	half continental	120,000	2	240,000
Jr. Geology Technician	half continental	104,000	2	208,000
<b>Geology Staff Total</b>	-	-	<b>5</b>	<b>646,000</b>
<b>Mine Technical Staff</b>				
Chief Engineer	5 days on and 2 days off	198,000	1	198,000
Mine Planning Engineer	half continental	120,000	2	240,000
Senior Mining/Geotechnical Engineer	half continental	148,500	2	297,000
Surveyor	half continental	112,000	2	224,000
Surveyor Assistant	half continental	80,000	2	160,000
Mine Engineering Clerk	5 days on and 2 days off	80,000	1	80,000
<b>Mine Technical Staff</b>	-	-	<b>10</b>	<b>1,119,000</b>

### Processing

Processing costs include costs for operating and maintaining the concentrator; from the coarse material dump pocket at the primary crusher, through to the refined gold transfer to the security truck transport and the tailings pumps discharge. The processing operations will be headed by a mill superintendent, who will report to the mine general manager. The superintendent will oversee supervision, operations, maintenance, and technical personnel. The process workforce build-up is presented in Table 26. A 35% overhead has been applied to base salaries.

Power consumption is summarized by major areas in Table 27. Power consumption was calculated based on the projected motor power draw for all equipment. Load and utilization factors were applied to all units.

**Table 26. Concentrator Manpower Cost Details**

<b>Title</b>	<b>Number</b>	<b>Wage (\$/a)</b>	<b>Overhead (\$/a)</b>	<b>Total (\$/a)</b>
Superintendent	1	125,000	43,750	168,750
General Foreman	1	100,000	35,000	135,000
Metallurgist	1	90,000	31,500	121,500
Met Technician	1	60,000	21,000	81,000
Grinding and Flotation	4	70,000	24,500	378,000
Leach CIP Elution	4	70,000	24,500	378,000
Tailings Treatment	4	70,000	24,500	378,000
Crushing	2	60,000	21,000	162,000
Equipment Operator	2	60,000	21,000	162,000
Refiner	1	70,000	24,500	94,500
Operator Trainee	4	50,000	17,500	270,000
Maintenance Foreman	1	100,000	35,000	135,000
Maintenance Planner	1	80,000	28,000	108,000
Millwright/Welder	4	70,000	24,500	378,000
Millwright Apprentice	2	60,000	21,000	162,000
Electrician/Instrumentation	3	70,000	24,500	283,500
Chief Assayer	1	80,000	28,000	108,000
Assay Technician	2	70,000	24,500	189,000
Assay Technician Trainee	2	70,000	17,500	189,000
<b>Total</b>	<b>40</b>	<b>-</b>	<b>-</b>	<b>3,827,250</b>

**Table 27. Hourly Power Consumption Details for the Concentrator**

<b>Description</b>	<b>Electrical Power</b>	
	<b>(hp)</b>	<b>(kW)</b>
Crushing and Reclaim	175	131
Grinding	1,703	1,270
Flotation, Regrind and Thickeners	1,542	1,150
CIL Tails	204	152
CIL Concentrate	286	213
Cyanide Destruction	316	236
Gold Recovery and Casting	381	284
Reagent Mixing and Distribution	27	21
Utilities	131	97
Others	244	182



Description	Electrical Power	
	(hp)	(kW)
<b>Total</b>	<b>5,009</b>	<b>3,735</b>

The cost of power was provided by Eagle Hill at \$0.172/kWh, supplied by the gas generator set to be installed at the mine site. Efficient energy management is considered in place to avoid peaks at the start-up. Table 28 presents the annual and unit costs for the concentrator.

**Table 28. Annual and Unit Costs for Power at the Concentrator**

Description	Units	Value
Required Unitary Power	hp	5,009
Required Unitary Power	kW	3,735
Annual Consumption	kWh/a	31,082,000
Power Cost	\$/kWh	0.172
Annual Cost	\$/a	5,347,000
Unit Cost	\$/t	12.73

Process consumables (grinding media and reagents) were estimated on a unit rate per tonne of feed. The unit rate for each consumable is based on test work results and on rates observed in similar operations. Costs related to maintenance supplies are calculated as a percentage of equipment capital cost derived from historical values observed in similar operations. A cost of \$5,291,091 per year, representing \$12.60/t has been estimated.

The process operating cost for the LOM is listed in Table 29.

**Table 29. Process Operating costs for LOM**

OBS Level 1 No.	OBS Level 1 Description	Unit	Totals	Year -1	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8
300	Processing	Processing Total (\$ million)	116.4		14.98	14.98	14.98	14.98	14.98	14.98	14.98	11.54
		\$/t milled	35.68	-	35.68	35.68	35.68	35.68	35.68	35.68	35.68	35.68
301	Manpower	\$ million	29.7	-	3.83	3.83	3.83	3.83	3.83	3.83	3.83	2.959
		\$/t milled	9.11	-	9.11	9.11	9.11	9.11	9.11	9.11	9.11	9.11
302	Maintenance	\$ million	4.0	-	0.52	0.52	0.52	0.52	0.52	0.52	0.52	0.40
		\$/t milled	1.24	-	1.24	1.24	1.24	1.24	1.24	1.24	1.24	1.24
303	Consumables	\$ million	41.1	-	5.29	5.29	5.29	5.29	5.29	5.29	5.29	4.08
		\$/t milled	12.60	-	12.60	12.60	12.60	12.60	12.60	12.60	12.60	12.60
304	Power	\$ million	41.6	-	5.35	5.35	5.35	5.35	5.35	5.35	5.35	4.12
		\$/t milled	12.73	-	12.7	12.73	12.73	12.73	12.73	12.73	12.73	12.73

## Site Services

The infrastructure mobile fleet is included in the overall site services operating cost. The mobile fleet includes equipment to maintain the surface infrastructure and facilities as well as vehicles for management staff. A utilization factor was employed to estimate the operating costs for the vehicles and equipment on an annual basis. Table 30 summarizes the mobile fleet cost breakdown, which results in an annual operating cost of \$494,000 for diesel and \$144,000 for maintenance after conversion to Canadian currency.

**Table 30. Infrastructure Mobile Fleet Cost Breakdown**

Mobile Fleet	Qty	Primary Users	Annual Operational Hours	Utilization Factor (%)	Diesel (US\$/h)	Mtc (US\$/h)
Utility Loader	1	Operator/Labourer	4,200	50	14.74	10.99
Grader/	1	Operator/Labourer	4,200	50	32.09	7.98
Snow Removal						
Backhoe Excavator	1	Operator/Labourer	4,200	50	17.00	9.54
Forklift	1	Warehouse/Operator /Labourer	4,200	50	11.66	4.00
Light Vehicles (4-wheel drive Pick-up Truck)	6	All	25,200	75	12.38	2.56
Snow Mobile	2	All	27,72	50	10.00	2.56
Crew Bus - On Site	1	Daily	4,200	25	12.38	2.56
Ambulance	1	Spot	4,200	10	12.38	2.56

The site services labour includes hourly personnel required for non-production related tasks on site. Table 31 defines the personnel required for site services. The annual salaries include a 5 to 15% bonus and 55% benefit and fringe payment burden.

**Table 31. Site Services Labour Personnel**

Personnel	Shift Type	Annual Cost (\$)	No. Required	Total (\$)
Backhoe/Dump Truck Operator	half continental	103,921	2	207,842
TSF/WTP Operator	half continental	103,921	2	207,842
Dryman	half continental	79,872	2	159,744
Surface Labourer	full continental +	103,921	6	623,526
Fire Aid (Nurse)	half continental	120,000	2	240,000
Security/Fire Aid	full continental	59,904	4	239,616

The operating costs related to the TSF water treatment system, used to prepare site discharge to the environment, are included in the overall site services operating cost. This cost is approximately \$220,000/a. The TSF "contact water" is required to be treated for at least five years after closure of the mine site because of the PAG properties of the material. In the post-operating phase of the Windfall Lake Project, environmental, agricultural, and geotechnical follow-ups must be completed every year for at least five years. The closure operating costs are approximately \$115,000/a.

General & Administrative

The general and administrative ("G&A") costs include fixed costs for G&A management staff and necessary expenses and sundries. The G&A expenses are estimated to be \$1.160 million per year. The annual G&A salaries are estimated to be \$2.607 million per year. The annual salaries include a base salary and an annual bonus ranging from 5 to 15% as well as benefits and fringe payments of 55%.

**Table 32. G&A staff**

<b>Position</b>	<b>Position Salary (fully burdened) (\$)</b>	<b>Quantity</b>	<b>Position Salary (\$/a)</b>
General and Administration			
General Manager	297,500	1	297,500
Administrative Assistant	96,000	1	96,000
Accountant Manager	181,500	1	181,500
Accountant	136,000	1	136,000
Payroll Clerk	80,000	2	160,000
Human Resource Manager	214,500	1	214,500
Human Resource Coordinator	148,500	1	148,500
IT Network Technician	148,500	2	297,000
Buyer	99,200	2	198,400
Warehouse Shipper and Receiver	80,000	2	160,000
Mine Safety Coordinator	173,250	1	173,250
Health/Safety/Training Coordinator	136,000	4	544,000
<b>G&amp;A Total</b>	<b>-</b>	<b>19</b>	<b>2,606,650</b>

***Economic Analysis***

A Preliminary Economic Assessment should not be considered a prefeasibility or feasibility study, as the economics and technical viability of the Windfall Lake Project have not been demonstrated at this time, the Windfall Lake PEA is preliminary in nature and includes inferred mineral resources that are considered too speculative geologically to have the economic considerations applied to them that would enable them to be categorized as mineral reserves. Furthermore, there is no certainty that the conclusions or results as reported in the Windfall Lake PEA will be realized. Mineral resources that are not mineral reserves do not have demonstrated economic viability.

TetraTech prepared an economic evaluation of the Windfall Lake Project, incorporating all the relevant capital, operating, working, sustaining costs, and royalties (0.5% NSR). All cash flows were calculated in Canadian dollars, unless otherwise specified. The NPV was estimated at the beginning of the two-year construction period. For the eight-year LOM and 3.26 Mt resource

inventory, the following pre-tax financial parameters were calculated using the base case gold price and exchange rate:

- 23.6% IRR;
- 3.4-year payback on \$240.6 million initial capital (includes pre-production operating cost and royalty buy back option); and
- \$241 million NPV at a 5% discount rate.

Table 33 summarizes the pre-tax financial results.

A tax model was prepared for the post-tax economic evaluation of the Windfall Lake Project, with the inclusion of applicable income and mining taxes. The tax rate used in the after-tax model combines the federal (15%) and provincial (Québec) (11.9%) income tax rates for a total tax rate of 26.9%.

The following post-tax financial parameters were calculated:

- 17.2% IRR;
- 3.9-year payback on \$240.6 million initial capital; and
- \$135 million NPV at a 5% discount rate.

The base case gold price and exchange rate applied in the economic analysis are as follows:

- gold price: US\$1,200.00/oz; and
- exchange rate: C\$1.00 = US\$0.86.

**Table 33. Summary of Pre-tax Financial Results**

<b>Item Description</b>	<b>Units</b>	<b>Base Case</b>
Gold Price	US\$/oz	1,200
Exchange Rate	US\$/C\$	0.86
Recovered Gold value	\$000	1,156,832
On-site Operating Costs	\$000	453,300
Off-site Costs and Deductions	\$000	9,204
Operating Cash Flows	\$000	694,329
Initial Capital Costs	\$000	236,636
Sustaining Capital Costs	\$000	53,482
Pre-production Operating Costs	\$000	2,968
Royalty Re-purchase	\$000	1,000
Total Capital Costs	\$000	294,086

<b>Item Description</b>	<b>Units</b>	<b>Base Case</b>
NCF	\$000	400,243
NPV @ a 3% Discount Rate	\$000	296,679
NPV @ a 5% Discount Rate	\$000	241,351
NPV @ an 8% Discount Rate	\$000	174,251
Payback Period	years	3.4
IRR	%	23.6
Cash Cost (LOM all operating costs)	\$/oz Au payable	557
Initial Capital Cost	\$/oz Au payable	291
Sustaining Capital Cost	\$/oz Au payable	65
Total Cost (all operating and capital costs)	\$/oz Au payable	912

### ***Recommendations***

Recommendations presented in this section detail the work identified by the study's "qualified persons", in order to develop the Windfall Lake Project to next stage of study, as defined by NI 43-101 standards. The completion of the recommendations defined will provide the standard of inputs necessary to complete a prefeasibility study. The recommendations from a Preliminary Economic Assessment are typically executed prior to the next stage of study, and will be the basis for the appropriate level of engineered analysis of the Windfall Lake Project. A summary of the recommended activities and costs required to meet the next level of study (as a prefeasibility- or feasibility-level advanced NI 43-101 report) is presented in Table 34.

**Table 34. Summary of Costs for Prefeasibility Next Level of Study**

<b>Prerequisites for Next Level of Study</b>	<b>Area</b>	<b>Estimated Cost (\$)</b>	<b>Description</b>
Prefeasibility	Geology	4,821,000	Exploration and drilling program, silver assaying of pulps
Prefeasibility	Geology	14,810,000	Underground development, bulk sample, metallurgical test work, and definition drilling from underground
Prefeasibility	Mining	850,000	Trade-off studies, hydrogeology, rock mechanics
Prefeasibility	Processing	900,000	Metallurgical test work on samples from several lenses. Pilot test.
Prefeasibility	Infrastructure (including tailings)	730,000	Site test and studies

<b>Prerequisites for Next Level of Study</b>	<b>Area</b>	<b>Estimated Cost (\$)</b>	<b>Description</b>
Prefeasibility	Environment	1,750,000	Environmental baseline study, geochemistry program, preliminary ESIA, and community relations
Prefeasibility	Prefeasibility Study	900,000	Study
Prefeasibility	Owner's Costs	2,520,000	-
<b>Total</b>		<b>27,281,000</b>	-

Note:

(1) ESIA means environmental and social impact assessment.

### Exploration Recommendations

Exploration on the Windfall Main Zone over the past number of years has shown that there is resource expansion potential both the west of the current resource outlines and to depth below the current resource outlines and the Red Dog intrusion. A program of exploration drilling at depth and to the west would be a priority in the next exploration program to potentially expand the known resource. In addition it is recommended that an aero electromagnetic survey be flown at close line spacing across the entire Windfall Lake Project in an effort to delineate similar sulphide mineralization as has been found at the Windfall Main Zone. This airborne survey would be followed by a program of prospecting/mapping/glacial till sampling to define drill targets. Drill targets would be prioritized based on all information and it would be recommended that the best targets be tested through a shallow drill program. The cost of this entire program is estimated at \$4 to \$5 million.

### **Marban Block Project**

Information relating to Marban Block Project is supported by the technical report titled "Updated Mineral Resource Technical Report, Marban Block Project, Québec, Canada" dated August 15, 2013 with an effective date of June 1, 2013 prepared by or under the supervision of Michael M. Gustin, Ph.D., CPG, of Mine Development Associates and Peter Ronning, P.Eng, of New Caledonian Geological Consulting (the "**Marban Block Technical Report**").

Reference should be made to the full text of the Marban Block Technical Report, which has been filed with Canadian securities regulatory authorities pursuant to NI 43-101 and is available for review under NioGold's issuer profile on SEDAR at [www.sedar.com](http://www.sedar.com). The Marban Block Technical Report is not and shall not be deemed to be incorporated by reference in this AIF.

Where appropriate, certain information contained in this AIF updates information derived from the Marban Block Technical Report. Any updates to the scientific or technical information derived from the Marban Block Technical Report and any other scientific or technical information in respect of the Marban Block Technical Report contained in this AIF were prepared by or under the supervision of Gernot Wober, B.Sc., P.Geol., a "qualified person" within the meaning of NI 43-101.

***Project Description, Location and Access***

The Marban Block Project is located in the western portion of the province of Québec, Canada, midway between the towns of Val-d'Or and Malartic, in the southern portion of the Abitibi greenstone belt. The Marban Block Project is the result of NioGold's consolidation of four contiguous claim groups in the Malartic mining camp – Norlartic, First Canadian, Marban, and Gold Hawk – and currently consists of 30 mining claims and three mining concessions that cover 1,023.13 hectares.

NioGold owns a 100% interest in the Marban Block Project. NioGold's interest in the Marban Block Project is subject to underlying royalties on each of the four claim blocks, as well as the obligation to make a production payment to Osisko once a decision is made to proceed to commercial mining operations on any deposit located on the Norlartic, First Canadian, or Marban claim blocks.

The Marban Block Project is located on the north side of Highway 117, approximately 15 kilometers northwest of Val-d'Or, Québec and immediately east of Richmond Mines Inc.'s Camflo mill. The Camflo road provides access to the western part of the project area. A well-maintained all-weather gravel road running north from Highway 117 provides access to the historic Norlartic, Kierens, and Marban mines. Winter access for snowmobiles and all-terrain vehicles is provided by trails and winter roads.

The following table describe the terms of royalties to which the Marban Block Project is subject:

<b>Claim Group</b>	<b>Description of the Royalties</b>
<b>Historical Marban Block Property</b>	1% NSR royalty payable to Canhorn Mining Corp. including buy-back clause for 100% of the NSR royalty for \$500,000.
	1.0% NSR royalty on 50% of any production payable to Osisko
	2-3% NSR royalty on 50% of any production payable to RGLD Gold Canada Inc. One-half of the royalty can be purchased for \$1,500,000 if the royalty for the preceding quarter is 3%; if the royalty is at 2% in the preceding quarter, one-half of the royalty can be purchased for CAD\$1,000,000
<b>Historical Nolartic Property</b>	2% NSR payable to Osisko
<b>Historical First Canadian Property</b>	1% NSR royalty payable to Osisko
	9 2/3% NPI payable to Compressario Corporation (formerly First Canadian Gold Corporation Inc.).

Claim Group	Description of the Royalties
	1/3% NPI payable to Anthony Camisso
<b>Historical Gold Hawk Property</b>	2% NSR royalty payable to Thundermin Resources Inc. including a buy-back clause of one-half of the NSR royalty.

In addition, upon a decision to proceed to production on any deposit located on the Marban Block Project, the Corporation must make a one-time production payment of \$5,000,000 to Osisko.

### *History*

The Marban Block Project is located in the Malartic gold district in the southern Abitibi greenstone belt, a district that has produced an estimated 9+ million ounces of gold. There are three past-producing mines within the Marban Block Project – the Norlartic, Marban, and Kierens mines.

Exploration conducted at the Marban Block Project apparently dates back to at least 1940 and includes geologic mapping, sampling, compilation of geological, structural, and geochemical data, geophysical prospecting, trenching, and extensive drilling from the surface and underground. At least 14 different companies explored and/or mined on parts of the property in the period of 1940 through 1994, including Norbenite Malartic Mines, Marbenor Malartic Mines Ltd. ("**Marbenor Malartic Mines**"), Little Long Lac Gold Mines Limited ("**Little Long Lac**"), Norlartic Mines Ltd., Marban Gold Mines Ltd. ("**Marban Gold Mines**"), East Malartic Mines Limited ("**East Malartic Mines**"), Malartic Gold Fields Ltd. ("**Malartic Gold Fields**"), First Canadian Gold Corp., Lloyd Harvey, Brominco Inc., Gold Hawk Resources, SOQUEM (Québec Department of Mines), Villebon Resources, Lac Minerals Inc. ("**Lac Minerals**"), Aur Resources and International Thunderwood Exploration.

The first period of gold production on the Marban Block Project was during the 1960s, primarily from the Marban and Norlartic mines. The second phase of production was during the late 1980s and early 1990s from the Norlartic and Kierens mines. Production from the Marban Block operations during these two periods totaled almost 600,000 ounces of gold from approximately 3.7 million tonnes of mineralized material. The North Zone deposit was accessed through the Norlartic mine workings, and the Gold Hawk zone through the Kierens mine workings.

The grades listed in the Marban Block Technical Report are uncertain for most deposits, as some of the reports of the Marban Block production combine records for two or more deposits, and it is usually not clear if the reported grades represent recovered or in situ grades. It is also unclear in some cases if the reported numbers include or exclude waste from developmental workings. Because some of the production numbers disclosed in the Marban Block Technical Report conflict with other presented by different authors and also reproduced in such report, there are uncertainties of the historic production at the Marban Block Project.

The discovery of two gold-mineralized boulders in the south-central part of the claim group in 1940 led to the first campaign of drilling by Marbenor Malartic Mines between 1941 and 1952,



which consisted of 96 holes that followed the trend of glacial transport away from these boulders. This campaign led to the discovery of two mineralized zones – the south or Marban zone hosted within the Marbanite shear and the Norlartic zone hosted within the Norbenite shear. Definition drilling on the Marban zone delineated a gold-bearing structure 370 meters long in an east-west direction, with depths of the drilling ranging from 152 to 275 meters below the surface.

In 1955, Consolidated Marbenor Mines Ltd. ("**Consolidated Marbenor**") signed an agreement with Malartic Gold Fields in 1958 to form Marban Gold Mines, which ultimately put the Marban deposit into production. Between 1959 and 1960, Marban Gold Mines, which was 75% owned by Malartic Gold Fields, sank a shaft to a depth of 260 meters. In addition, drifts were initiated on levels at 61, 107, 152, 198, and 244 meters below the surface. Only the three deepest levels were extended during production. Regular shipping of ore to the Malartic Gold Fields mill started in July 1961 and ended in September 1974. During these 13 years of production, a total of 1,983,112 tonnes of mineralized material was processed that yielded 330,027 ounces of gold and 33,726 ounces of silver at an average grade of 5.27 g Au/t and 0.50 g Ag/t.

During this time, intense drilling was undertaken from underground drill stations, and underground channel samples were collected. Little Long Lac controlled the easternmost portion of the Marban zone through its 100% interest in mining concession 512. Little Long Lac drilled this area in 1945 through 1966.

The property history from 1974 to 1984 is incomplete. Records indicate that East Malartic Mines was involved in the Marban claim group from 1975 to the early 1980s, although the nature of the work that might have been completed is not known. An agreement was executed between Consolidated Marbenor and Les Terrains Aurifères Malartic (Québec) Limitée ("**Les Terrains**") on December 23, 1981, which appears to have transferred Consolidated Marbenor's rights at Marban to Les Terrains. In 1982, Little Long Lac and other companies amalgamated and became Lac Minerals.

From 1984 to 1992, Lac Minerals worked the property and completed compilations, line cutting, geophysical surveys, lithogeochemical surveys, and drilling of overburden holes. Lac Minerals drilled 12 holes totaling 1,877 meters into the Marban deposit in 1986 and 26 holes totaling 7,179 meters in 1987 and 1988. Aur Resources signed an agreement for a 50% interest in the property with Lac Minerals in 1992. In 1994, Lac Minerals was incorporated into Barrick Gold Corp. Aur Resources operated the project by completing a drilling campaign in 1993 that consisted of four holes (1,061 meters), three to test the stratigraphy in a northerly (up-ice in the opposite direction of glacial transport) direction from the overburden holes drilled by Lac Minerals and one to test a magnetic inflection in the Heva-Kewagama contact. Another campaign was conducted in 1994 that included 10 drill holes (4,220 meters) - six of these holes tested the Marban Tonalite, two holes completed a stratigraphic section across the Heva Formation, and two holes followed up the magnetic inflection of the interpreted Heva-Kewagama contact.

Since first gaining interests in the property in early 2006, NioGold, including the work of the Aurizon-NioGold joint venture, has carried out the following activities at the Marban Block property:

- Construction of three-dimensional computer models of the historic underground workings;

- Completion of high-resolution airborne magnetic surveying;
- Orientation induced-polarization surveying;
- Petrographic studies of the gold mineralization at the North-North and Marban zones;
- Structural study using LANDSAT imagery; and
- Drilling of 463 holes on the four claim groups, as well as subsequent wedges and extensions of some of the holes; 298 NioGold holes directly contributed assay data to the resource estimations reported herein.

### ***Geological Setting, Mineralization and Deposit Types***

The Marban Block Project lies within the Archean Abitibi greenstone belt of the Superior Province, Québec, which consists of alternating east-trending metavolcanic-plutonic and sedimentary belts that are bounded by crustal-scale faults. The metavolcanic rocks within the Malartic mining district are composed of allochthonous komatiitic to tholeiitic volcanic suites that are interpreted to have been derived from volcanic plateaus and volcanic islands juxtaposed during the late Archean. The Marban Block Project is located on the northern flank of a west-northwest-trending syncline.

The metavolcanic rocks within the Marban Block Project are cut by three major northwest to west-northwest - striking shear zones of regional extent – the North, Norbenite, and Marbanite shears. The Marbanite shear hosts the Marban deposit resource, while the Norbenite shear hosts both the Kierens and Norlartic deposits gold resources. The historic Kierens, Norlartic, and Marban gold mines all exploited zones lying within the basalts and ultramafic rocks of the Jacola Formation, which have been intruded by numerous diorites and felsic porphyry dikes and sills.

Gold mineralization at the Marban Block Project occurs primarily as mesothermal deposits that lie within the north-dipping shear zones and associated felsic to intermediate sills and dikes. In addition to the resource areas, NioGold has been actively exploring sub-parallel gold-mineralized horizons within the Marban Block Project at the North-North, North, and Gold Hawk zones.

The Marban resource is hosted, from north to south, by:

- an alternating sequence of sheared ultramafic volcanic rocks (now talc schist) and granodiorite dikes;
- the "Mine Sequence" of pillowed, sheared, aphanitic and fine-grained basalts; and
- sheared and massive or pillowed ultramafic volcanic rocks.

The mineralized zones occur almost exclusively within the Mine Sequence basalts, which frequently have been converted to chloritic schists within the Marbanite shear. Gold is associated with quartz-carbonate veinlets, pyrite, and pyrrhotite. There is also disseminated replacement-type gold mineralization in tholeiitic-komatiitic volcanic rocks of the Jacola Formation, and locally there is gold in granodioritic dikes.

The Kierens and Norlartic resources are localized in the Norbenite shear, an important northwest-trending deformation zone that dips moderately to steeply northeast. Mafic volcanic rocks, talc-chlorite schists, and felsic dikes are included within the shear zone. The gold mineralization is closely associated with altered and pyritized intermediate intrusions that cut sheared mafic and ultramafic volcanic rocks.

The Norlartic resource includes mineralization within the Main zone, which lies west of the Norlartic shaft and was the focus of historic mining. The extension of the Main zone east of the shaft, as well as the Actinolite zone that lies in the hanging wall of the Main zone, are also included in the resources.

The Main zone mineralization occurs within and adjacent to a sill or dike that occurs within a wide envelope of sheared mafic rocks in the core of the Norbenite shear. Gold is usually directly associated with the intrusion in quartz-calcite-pyrite veinlet stockworks. In contrast to the Main zone, the Actinolite zone is not lithologically controlled, but instead it appears to be an actinolite-bearing alteration zone that overlaps various units of mafic or ultramafic volcanic rocks. Gold is disseminated without regard to lithology in the Actinolite zone.

The Kierens resource occurs in a strongly silicified and carbonatized alteration zone that occupies the central portion of the Norbenite shear, which dips steeply to the north in this area. The alteration and mineralization transect ultramafic rocks, more massive mafic units, and felsic intrusions. A westerly plunging drag fold may exert the main control on gold mineralization at Kierens. In addition to this type of mineralization, there are native-gold-bearing quartz veins at Kierens.

There are a number of styles of mineralization identified at the Marban Block property, including gold associated with: (1) sheared basalts; (2) quartz-pyrite veinlets within or adjacent to dioritic dikes; (3) quartz-tourmaline stockwork veinlets within granodioritic intrusions; (4) quartz + chalcopyrite veins; and (5) strongly altered felsic dikes. Gold mineralization hosted within shear zones in basaltic rocks is the most important type, and it is found at the Marban and North Zone deposits as well as at Marban Northeast and in the northwest-trending portion of the Marbenite shear zone. This style of mineralization is accompanied in various degrees by silicification, albitization, quartz-carbonate veinlets, and/or disseminated pyrite and pyrrhotite. Mineralization associated with dioritic dikes dominates the Kierens and Norlartic deposits, although this style also occurs at the North Zone and locally in other deposit areas. Quartz-tourmaline mineralization is best exemplified at the North-North Zone, with similar mineralization also intersected in granodiorite that occurs in the hanging wall portion of the Marban deposit. The Gold Hawk zone is unique in that its gold mineralization, which can be quite high grade, is associated with quartz veins (as opposed to veinlets). The final style of gold mineralization at the Marban Block is found in the hanging wall of the Marban deposit and also at Marban Northeast; it is characteristically associated with highly altered (albitized and silicified) felsic dikes and disseminated pyrite with or without quartz-pyrite veins.

The Marban deposit consists of more than twenty east-west oriented zones, dipping toward the north at 40-70°, of a strike length of 100 meters to more than 1000 meters with widths between 1 to 20 meters. The modeled zones covers a strike length of 1,370 meters and a down-dip extend of 800 meters. The modeled Norlartic deposit has a northwest-southeast strike length of 840 meters and with a down-dip length of 580 meters. The zones are forming a 5 to 30 meters corridor dipping

at about 70° toward the northeast. The Kierens deposit has a similar orientation as Norlartic with a strike length of 520 meters and with a down-dip length of 630 meters. The zones are similar to Norlartic but at a dip toward the northeast at 80 to 90°.

### *Drilling*

The Marban Block Project drill-hole databases were provided to the authors of the Marban Block Technical Report by NioGold, who acquired the historic database, fixed errors and inconsistencies, and incorporated NioGold's drill data. The NioGold databases used for the resource estimates contain collar coordinates and geologic and assay information for a total of 3,532 drill holes; the database for the Marban deposit also includes 858 channel samples. A total of 1,774 holes contributed assay data to the Marban resource estimate, 421 holes to the Kierens estimate, and 1,337 holes to the Norlartic estimate. Of these holes, 337 were drilled by NioGold at Marban, 10 at Kierens, and seven at Norlartic. A total of 25 additional holes have been drilled in the area of the Norlartic deposit and 16 at Kierens in 2010.

In 2014, NioGold completed a drilling campaign totaling 5,493 metres of drilling in 28 holes and 2,229 metres of re-sampling in 48 historical holes on the Malartic H property (H zone), on the Audet zone and on the Marban Block Project with re-sampling at the Gold Hawk zone and exploration drilling south of the Norlartic deposit.

Selected results from the H zone on the Malartic H property include a high grade intercept of 24.79 g/t Au over 1.2 m (MH-14-083) and some lower grade intervals such as 1.02 g/t Au over 23.2 m (MH-14-084) and 0.94 g/t Au over 15.3 m (MH-14-086). This program consisted of nine holes totaling 1,387 metres.

On the Malartic Block, 2,738 metres were drilled in thirteen holes in the Audet zone area. Three fences of holes confirmed the existence of 2 additional kilometer-long auriferous trends (the first one being the Ludovick trend discovered in 2011) over a strike length of 1.3 kilometers and 150 to 250 metres apart. The magnetic map indicates that those trends could be extended to over a few kilometers long within our property boundaries. Drilling beside the Audet zone outcropping indicates that the zone extends laterally with potential for a wide, lower grade envelop with intercepts such as 0.96 g/t Au over 18.0 m (CW-14-098).

The re-sampling of historic core from the Gold Hawk zone provided important information and filled gaps in the mineralized intersections. Numerous sampled gaps proved to be auriferous with values ranging from 0.11 g/t up to 4.94 g/t gold.

In 2015, NioGold completed a drilling campaign totaling 72,672 metres of drilling distributed in 246 holes and one extension of a hole from a previous campaign. The drilling highlight from this campaign included:

- 1.55 g/t Au over 27.2 m in drill hole MB-15-527 at 170 m vertical depth;
- 56.45 g/t Au over 1.0 m in drill hole MB-15-534 at 130 m vertical depth;
- 2.03 g/t Au over 66.6 m in drill hole MB-15-542 at 240 m vertical depth;

- 7.18 g/t Au over 5.8 m in drill hole MB-15-549 at 225 m vertical depth;
- 8.83 g/t Au over 17.6 m including 70.55 g/t Au over 1.2 m and 42.65 g/t Au over 1.1 m in drill hole MB-15-561 at 175 m vertical depth;
- 1.63 g/t Au over 31.7 m in drill hole MB-15-561 at 210 m vertical depth;
- 50.37 g/t Au over 1.2 m in drill hole MB-15-562 at 75 m vertical depth;
- 3.98 g/t Au over 10.5 m in drill hole MB-15-567 at 220 m vertical depth;
- 56.09 g/t Au over 1.2 m in drill hole MB-15-572 at 155 m vertical depth; and
- 2.50 g/t Au over 18.6 m in drill hole MB-15-580 at 250 m vertical depth.

### ***Sampling, Analysis and Data Verification***

Very little is known about the details of the sampling and assaying procedures used by the past operators at the Marban Block Project, and quality assurance-quality control ("QA/QC") data are not available for the historic drill programs. In order to at least partially address this shortcoming, NioGold completed a resampling and assaying program on representative intervals from remaining half-core from holes drilled by Marban Gold Mines and Lac Minerals at the Marban deposit and Aur Resources at Kierens and Norlartic. While the results from NioGold's resampling program generally agree reasonably well with the historic results, comparisons of the individual NioGold verses historic assay pairs show very high variability, as well as a high bias in the historic analyses at grades up to about 0.9 g Au/t.

The data, as well as paired data from NioGold's QA/QC programs, suggest the presence of a nugget effect in the Marban Block. Metallic-sieve data indicate that the coarse fractions include approximately 10 to 20% of the total gold in most samples at all gold concentrations. NioGold's QA/QC program included the insertion of certified analytical standards and blanks of various origins into the drill-sample stream, duplicate analyses of the original pulp by the primary laboratory, analyses of new pulps created from the coarse rejects (preparation duplicates), duplicate samples of core (core duplicates), and check assays of original pulps by an umpire laboratory. The implementation of this program varied, but improved with time. Statistical reviews of the QA/QC data did not find any serious issues with the analytical data, although some biases and inconsistencies were identified, and the results for the standards showed considerably more scatter than would be expected. High variability in the preparation duplicates and core duplicates at Marban, Kierens, and Norlartic is consistent with the presence of a nugget effect.

For the more recent drilling campaigns (2014-2015), diamond drill holes were drilled with NQ-size core, except for holes that traversed underground workings which were completed using BQ-size core. The core was sealed and delivered by the drilling contractor to NioGold's facilities located at the Norlartic mine site. The core was photographed for reference, logged and mineralised sections were sawed in half. Sample lengths vary between 0.5 to 1.5 metres. Half core samples were bagged, sealed and delivered to Actlabs or Techni-Lab in Ste-Germaine Boulé, Québec, which is an accredited laboratory. The remaining core is stored on site for reference. Samples were

assayed by the fire-assay method using an atomic absorption finish on a 50-gram pulp split. A quality assurance and quality control program (QA/QC) was implemented by NioGold and the laboratory to insure the precision and reproducibility of the analytical method and results. The QA/QC program includes the insertion of standards, blanks and field duplicates in the sample batches sent to the laboratory and a systematic re-assaying of samples returning values above 3 g/t Au by fire-assay using a gravimetric finish. As well, pulps grading above 0.5 g/t Au or mineralized intervals are sent to a second laboratory for check assaying.

Drill program design and monitoring, core logging and sample preparation are being executed at NioGold's facilities in Val d'Or.

### ***Mineral Processing and Metallurgical Testing***

Historic metallurgical information consists primarily of limited recovery data from the historic mining operations, which indicate gold recoveries of 88 to 94% were achieved over a six-month period of mining at Kierens in 1991. SGS Mineral Services in Lakefield, Ontario conducted a scoping-level test program on two composite samples to evaluate the gold recovery potential of the Marban mineralized material in 2011-2012. Bottle-roll cyanidation tests were completed on one-kilogram charges at three grind sizes, which yielded extractions ranging from 95.4% to 97.6% for the lower-grade (1.24 g Au/t) composite and 95.7% to 97.3% for the higher-grade (4.59 g Au/t) composite, with extractions typically increasing with finer grinding. In addition, gravity separation was conducted on samples of the two composites, and the gravity tailings were subjected to cyanidation; these extractions were very similar to those obtained by the whole-ore cyanidation. Finally, gravity-flotation was performed on each composite, primarily to evaluate the impact of grind size on gold extraction, and results are again similar.

### ***Mineral Resources and Mineral Reserve Estimates***

The mineral resources reported herein for the Marban Block Project were modeled and estimated in accordance with CIM definitions. The gold resources at Marban, Kierens, and Norlartic are summarized in the table below. The Kierens and Norlartic resources were first reported in 2010 and have not been updated in this study.

**Marban Block Measured Resources**

Marban			Kierens			Norlartic			Totals		
Tonnes	g Au/t	oz Au	Tonnes	g Au/t	oz Au	Tonnes	g Au/t	oz Au	Tonnes	g Au/t	oz Au
6,560,000	1.40	296,000	-	-	-	-	-	-	6,560,000	1.40	296,000

**Marban Block Indicated Resources**

Marban			Kierens			Norlartic			Totals		
Tonnes	g Au/t	oz Au	Tonnes	g Au/t	oz Au	Tonnes	g Au/t	oz Au	Tonnes	g Au/t	oz Au
18,713,000	1.36	818,000	1,437,000	2.19	101,000	5,417,000	1.82	316,000	25,567,000	1.50	1,235,000

**Marban Block Measured + Indicated Resources**

Marban			Kierens			Norlartic			Totals		
Tonnes	g Au/t	oz Au	Tonnes	g Au/t	oz Au	Tonnes	g Au/t	oz Au	Tonnes	g Au/t	oz Au
25,273,000	1.37	1,114,000	1,437,000	2.19	101,000	5,417,000	1.82	316,000	32,127,000	1.48	1,531,000

**Marban Block Inferred Resources**

Marban			Kierens			Norlartic			Totals		
Tonnes	g Au/t	oz Au	Tonnes	g Au/t	oz Au	Tonnes	g Au/t	oz Au	Tonnes	g Au/t	oz Au

11,499,000	0.95	352,000	1,780,000	1.73	99,000	3,199,000	1.44	148,000	16,478,000	1.13	599,000
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Notes:

- (1) Marban: resources lying within \$1,540/oz pit shell tabulated at 0.35 g Au/t cutoff; resources outside of pit shell tabulated using a 2.0 g Au/t cutoff.
- (2) Kierens & Norlartic: 0.5 g Au/t cutoff applied above 100-meter elevation: 2.5 g Au/t used below 100m elevation.
- (3) Rounding may cause apparent discrepancies.

The resources include portions of each of the three deposits that can reasonably be considered available for potential open-pit extraction, and other portions that are potentially amenable to underground mining methods.

Potential open-pit resources at Kierens and Norlartic are defined by applying a 0.5 g Au/t cutoff to fully diluted blocks lying above an elevation of 100 meters (approximately 200 meters or less below the surface topography), while potential underground-mineable resources lie deeper than 200 meters below the surface and have a cutoff of 2.5 g Au/t applied to the undiluted blocks. Mineralization modeled to lie within the mining voids was removed prior to tabulating the resources at each of the deposits. None of the Kierens and Norlartic resources are classified as measured due to the preponderance of pre-NioGold drill data, which lack quality-control information, used in the grade interpolations.

## **RISK FACTORS**

The Corporation's business, being the acquisition, exploration, and development of mineral properties in Canada, is speculative and involves a high degree of risk. The risk factors listed below could materially affect the Corporation's financial condition and/or future operating results, and could cause actual events to differ materially from those described in forward-looking statements made by or relating to the Corporation.

### **Nature of Mineral Exploration and Mining**

The Corporation's future is dependent on its exploration and development programs. The exploration and development of mineral deposits involves significant financial risks over a prolonged period of time, which may not be eliminated even through a combination of careful evaluation, experience and knowledge. Few properties that are explored are ultimately developed into economically viable operating mines. Major expenditures on the Corporation's exploration properties may be required to construct mining and processing facilities at a site, and it is possible that even preliminary due diligence will show adverse results, leading to the abandonment of projects. It is impossible to ensure that preliminary or full feasibility studies on the Corporation's projects, or the current or proposed exploration programmes on any of the properties in which the Corporation has exploration rights, will result in any profitable commercial mining operations. The Corporation cannot give any assurance that its current and future exploration activities will result in a discovery of mineral deposits containing mineral reserves.

Estimates of mineral resources and any potential determination as to whether a mineral deposit will be commercially viable can also be affected by such factors as: the particular attributes of the deposit, such as its size and grade; unusual or unexpected geological formations and metallurgy;

proximity to infrastructure; financing costs; precious metal prices, which are highly volatile; and governmental regulations, including those relating to prices, taxes, royalties, infrastructure, land use, importing and exporting of metal concentrates, exchange controls and environmental protection. The effect of these factors cannot be accurately predicted, but the combination of any or all of these factors may result in the Corporation not receiving an adequate return on its invested capital or suffering material adverse effects to its business and financial condition. Exploration and development projects also face significant operational risks including but not limited to an inability to obtain access rights to properties, accidents, equipment breakdowns, labour disputes (including work stoppages and strikes), and other unanticipated interruptions.

### **Exploration, Development and Operations**

The long term profitability of the Corporation's operations will be in part directly related to the cost and success of its exploration programs, which may be affected by a number of factors, including the Corporation's ability to extend the permitted term of exploration granted by the underlying concession contracts. Substantial expenditures are required to establish reserves through drilling, to develop processes to extract the resources and, in the case of new properties, to develop the extraction and processing facilities and infrastructure at any site chosen for extraction. Although substantial benefits may be derived from the discovery of a major deposit, no assurance can be given that any such deposit will be commercially viable or that the funds required for development can be obtained on a timely basis.

### **Liquidity and Additional Financing**

The Corporation's ability to continue its business operations is dependent on management's ability to secure additional financing. The Corporation's only source of liquidity is its cash and cash equivalent balances. Liquidity requirements are managed based upon forecasted cash flows to ensure that there is sufficient working capital to meet the Corporation's obligations.

The Corporation's main funding requirements are for its corporate overhead and satisfaction of its mineral exploration, property and project obligations. The advancement, exploration and development of the Corporation's properties, including continuing exploration and development projects, and, if warranted, construction of mining facilities and the commencement of mining operations, will require substantial additional financing. As a result, the Corporation may be required to seek additional sources of equity financing in the near future. While the Corporation has been successful in raising such financing in the past, its ability to raise additional equity financing may be affected by numerous factors beyond its control including, but not limited to, adverse market conditions, commodity price changes and economic downturns. There can be no assurance that the Corporation will be successful in obtaining any additional financing required to continue its business operations and/or to maintain its property interests, or that such financing will be sufficient to meet the Corporation's objectives or obtained on terms favourable to the Corporation. Failure to obtain sufficient financing as and when required may result in the delay or indefinite postponement of exploration and/or development on any or all of the Corporation's properties, or even a loss of property interest, which would have a material adverse effect on the Corporation's business, financial condition and results of operations.



## **No Earnings and History of Losses**

The business of developing and exploring resource properties involves a high degree of risk and, therefore, there is no assurance that current exploration programs will result in profitable operations. The Corporation has not determined whether any of its properties contains economically recoverable reserves of ore and currently has not earned any revenue from its projects; therefore, the Corporation does not generate cash flow from its operations. There can be no assurance that significant additional losses will not occur in the future. The Corporation's operating expenses and capital expenditures may increase in future years with advancing exploration, development and/or production from the Corporation's properties. The Corporation does not expect to receive revenues from operations in the foreseeable future and expects to incur losses until such time as one or more of its properties enters into commercial production and generates sufficient revenue to fund continuing operations. There is no assurance that any of the Corporation's properties will eventually enter commercial operation. There is also no assurance that new capital will become available, and if it is not, the Corporation may be forced to substantially curtail or cease operations.

## **Market Price of the Common Shares**

The Common Shares trade on the TSX under the symbol "OBM" and the Arrangement Warrants trade on the TSX under the symbol "OBM.WT". The market prices of securities of many companies, particularly exploration and development stage mining companies, experience wide fluctuations that are not necessarily related to the operating performance, underlying asset values or prospects of such companies. There can be no assurance that an active market for the Common Shares or the Arrangement Warrants will develop or be sustained, nor that fluctuations in the price of the Common Shares or such warrants will not occur. The market price of the Common Shares or the listed warrants at any given point in time may not accurately reflect the Corporation's long-term value. Securities class action litigation has often been brought against companies following periods of volatility in the market price of their securities. The Corporation may in the future be the target of similar litigation. Securities litigation could result in substantial costs and damages and divert management's attention and resources.

## **Volatility of Commodity Prices**

The development of the Corporation's properties is dependent on the future prices of minerals and metals. As well, should any of the Corporation's properties eventually enter commercial production, the Corporation's profitability will be significantly affected by changes in the market prices of minerals and metals.

Precious metals prices are subject to volatile price movements, which can be material and occur over short periods of time and which are affected by numerous factors, all of which are beyond the Corporation's control. Such factors include, but are not limited to, interest and exchange rates, inflation or deflation, fluctuations in the value of the U.S. dollar and foreign currencies, global and regional supply and demand, speculative trading, the costs of and levels of precious metals production, and political and economic conditions. Such external economic factors are in turn influenced by changes in international investment patterns, monetary systems, the strength of and

confidence in the U.S. dollar (the currency in which the prices of precious metals are generally quoted), and political developments.

The effect of these factors on the prices of precious metals, and therefore the economic viability of any of the Corporation's exploration projects, cannot be accurately determined. The prices of commodities have historically fluctuated widely, and future price declines could cause the development of (and any future commercial production from) the Corporation's properties to be impracticable or uneconomical. As such, the Corporation may determine that it is not economically feasible to commence commercial production at some or all of its properties, which could have a material adverse impact on the Corporation's financial performance and results of operations. In such a circumstance, the Corporation may also curtail or suspend some or all of its exploration activities.

### **Acquiring Title**

The acquisition of title to mineral properties is a very detailed and time-consuming process. The Corporation may not be the registered holder of some or all of the claims and concessions comprising the Windfall Lake Project, the Marban Block Project or any of the mineral projects of the Corporation. These claims or concessions may currently be registered in the names of other individuals or entities, which may make it difficult for the Corporation to enforce its rights with respect to such claims or concessions. There can be no assurance that proposed or pending transfers will be effected as contemplated. Failure to acquire title to any of the claims or concessions at one or more of the Corporation's projects may have a material adverse impact on the financial condition and results of operation of the Corporation.

### **Title Matters**

Once acquired, title to, and the area of, mineral properties may be disputed. There is no guarantee that title to one or more claims or concessions at the Corporation's projects will not be challenged or impugned. There may be challenges to any of the Corporation's titles which, if successful, could result in the loss or reduction of the Corporation's interest in such titles. The Corporation's properties may be subject to prior unregistered liens, agreements, transfers or claims, and title may be affected by, among other things, undetected defects. In addition, the Corporation may be unable to operate its properties as permitted or to enforce its rights with respect to its properties. The failure to comply with all applicable laws and regulations, including a failure to pay taxes or to carry out and file assessment work, can lead to the unilateral termination of concessions by mining authorities or other governmental entities.

### **Uncertainty and Inherent Sample Variability**

Although the Corporation believes that the estimated mineral resources and mineral reserves at the Windfall Lake Project and the Marban Block Project have been delineated with appropriately spaced drilling, there exists inherent variability between duplicate samples taken adjacent to each other and between sampling points that cannot be reasonably eliminated. There also may be unknown geologic details that have not been identified or correctly appreciated at the current level of delineation. This results in uncertainties that cannot be reasonably eliminated from the

estimation process. Some of the resulting variances can have a positive effect and others can have a negative effect on mining and processing operations.

### **Reliability of Mineral Resources Estimates**

Mineral resources are estimates only, and no assurance can be given that the anticipated tonnages and grades will be achieved or that the indicated level of recovery will be realized. Mineral resource estimates may be materially affected by environmental, permitting, legal, title, taxation, socio-political, marketing and other relevant issues. There are numerous uncertainties inherent in estimating mineral resources, including many factors beyond the Corporation's control. Such estimation is a subjective process, and the accuracy of any mineral resource estimate is a function of the quantity and quality of available data, the nature of the mineralized body and of the assumptions made and judgments used in engineering and geological interpretation. These estimates may require adjustments or downward revisions based upon further exploration or development work or actual production experience.

Fluctuations in gold or silver prices, results of drilling, metallurgical testing and production, the evaluation of mine plans after the date of any estimate, permitting requirements or unforeseen technical or operational difficulties, may require revision of mineral resource estimates. Should reductions in mineral resources occur, the Corporation may be required to take a material write-down of its investment in mining properties, reduce the carrying value of one or more of its assets or delay or discontinue production or the development of new projects, resulting in increased net losses and reduced cash flow. Mineral resources should not be interpreted as assurances of mine life or of the profitability of current or future operations. Any material reductions in estimates of mineral resources could have a material adverse effect on the Corporation's results of operations and financial condition.

Mineral resources are not mineral reserves and have a greater degree of uncertainty as to their existence and feasibility. There is no assurance that mineral resources will be upgraded to proven or probable mineral reserves.

### **Uncertainty Relating to Inferred Mineral Resources**

Inferred mineral resources are not mineral reserves and do not have demonstrated economic viability. Due to the uncertainty which may attach to inferred mineral resources, there is no assurance that inferred mineral resources will be upgraded to proven and probable mineral reserves as a result of continued exploration.

### **Term and Extension of Concession Contracts**

Non-compliance with concession contracts may lead to their early termination by the relevant mining authorities or other governmental entities. A company whose concession contracts were subject to termination could be prevented from being issued new concessions or from keeping the concessions that it already held. The Corporation is not aware of any cause for termination or any investigation or procedure aimed at the termination of any of its concession contracts.

## **Governmental Regulation**

The mineral exploration and development activities of the Corporation are subject to various laws governing prospecting, development, production, taxes, labour standards and occupational health, mine safety, toxic substances, land use, water use, land claims of local people and other matters in local areas of operation. Although the Corporation's exploration and development activities are currently carried out in accordance with all applicable rules and regulations, no assurance can be given that new rules and regulations will not be enacted or that existing rules and regulations will not be applied in a manner which could limit or curtail exploration, development or production. Amendments to current laws and regulations governing the Corporation's operations, or more stringent implementation thereof, could have an adverse impact on the Corporation's business and financial condition.

The Corporation's operations may be subject to environmental regulations promulgated by government agencies from time to time. Environmental legislation provides for restrictions and prohibitions on spills, releases or emissions of various substances produced in association with certain mining operations, such as seepage from tailings disposal areas, which would result in environmental pollution. A breach of such legislation may result in the imposition of fines and penalties. In addition, certain types of operations require the submission and approval of environmental impact assessments. Environmental legislation is evolving in a manner that means standards are stricter, and enforcement, fines and penalties for non-compliance are more stringent. Environmental assessments of proposed projects carry a heightened degree of responsibility for companies and their directors, officers and employees. The cost of compliance with changes in governmental regulations has the potential to reduce the profitability of the Corporation's future operations.

Failure to comply with applicable laws, regulations and permitting requirements may result in enforcement actions, including orders issued by regulatory or judicial authorities that could cause operations to cease or be curtailed. Other enforcement actions may include corrective measures requiring capital expenditures, the installation of additional equipment or remedial actions. Parties engaged in mining operations may be required to compensate those suffering loss or damage by reason of such mining activities and may have civil or criminal fines or penalties imposed upon them for violations of applicable laws or regulations.

## **Permitting**

The operations of the Corporation require licenses and permits from various governmental authorities. The Corporation will use its best efforts to obtain all necessary licenses and permits to carry on the activities which it intends to conduct, and it intends to comply in all material respects with the terms of such licenses and permits. However, there can be no guarantee that the Corporation will be able to obtain and maintain, at all times, all necessary licenses and permits required to undertake its proposed exploration and development, or to place its properties into commercial production and to operate mining facilities thereon. In the event of commercial production, the cost of compliance with changes in governmental regulations has the potential to reduce the profitability of operations or preclude the economic development of the Corporation's properties.

With respect to environmental permitting, the development, construction, exploitation and operation of mines at the Corporation's projects may require the granting of environmental licenses and other environmental permits or concessions by the competent environmental authorities. Required environmental permits, licenses or concessions may take time and/or be difficult to obtain, and may not be issued on the terms required by the Corporation. Operating without the required environmental permits may result in the imposition of fines or penalties as well as criminal charges against the Corporation for violations of applicable laws or regulations.

### **Surface Rights**

The Corporation does not own all of the surface rights at its properties and there is no assurance that surface rights owned by the government or third parties will be granted, nor that they will be on reasonable terms if granted. Failure to acquire surface rights may impact the Corporation's ability to access its properties, as well as its ability to commence and/or complete construction or production, any of which would have a material adverse effect on the profitability of the Corporation's future operations.

### **Dependence on Key Personnel**

The Corporation currently has a small senior management group sufficient for its present stage of exploration and development activity. The Corporation's future growth and its ability to develop depend, to a significant extent, on its ability to attract and retain highly qualified personnel. The Corporation relies on a limited number of key employees, consultants and members of senior management, and there is no assurance that the Corporation will be able to retain such personnel. The loss of one or more key employees, consultants or members of senior management, if such persons are not replaced, could have a material adverse effect on the Corporation's business, financial condition and prospects. The Corporation currently does not have key person insurance on these individuals.

To operate successfully and manage its potential future growth, the Corporation must attract and retain highly qualified engineering, managerial and financial personnel. The Corporation faces intense competition for qualified personnel in these areas, and there can be no certainty that the Corporation will be able to attract and retain qualified personnel. If the Corporation is unable to hire and retain additional qualified personnel in the future to develop its properties, its business, financial condition and operating results could be adversely affected.

### **Uninsurable Risks**

Mining operations generally involve a high degree of risk. Exploration, development and production operations on mineral properties involve numerous risks, including but not limited to unexpected or unusual geological operating conditions, seismic activity, rock bursts, cave-ins, fires, floods, landslides, earthquakes and other environmental occurrences, risks relating to the shipment of precious metal concentrates or ore bars, and political and social instability, any of which could result in damage to, or destruction of, the mine and other producing facilities, damage to life or property, environmental damage and possible legal liability. Although the Corporation believes that appropriate precautions to mitigate these risks are being taken, operations are subject to hazards such as equipment failure or failure of structures, which may result in environmental

pollution and consequent liability. It is not always possible to obtain insurance against all such risks and the Corporation may decide not to insure against certain risks because of high premiums or other reasons. Should such liabilities arise, they could reduce or eliminate the Corporation's future profitability and result in increasing costs and a decline in the value of the Common Shares. The Corporation does not maintain insurance against title, political or environmental risks.

While the Corporation may obtain insurance against certain risks in such amounts as it considers adequate, the nature of these risks is such that liabilities could exceed policy limits or be excluded from coverage. The potential costs that could be associated with any liabilities not covered by insurance or in excess of insurance coverage may cause substantial delays and require significant capital outlays, thereby adversely affecting the Corporation's business and financial condition.

### **Integration of NioGold into the Corporation's Business**

The Corporation and NioGold completed the NioGold Arrangement on March 11, 2016 with the intent to strengthen the position of each entity in the mining exploration industry and to, among other things, combine the assets of both companies and to realize certain related benefits. The Corporation may be unable to successfully integrate the business of NioGold and realize the anticipated benefits of the NioGold Arrangement. Achieving the benefits of the NioGold Arrangement depends in part on the ability of the Corporation to (i) effectively fund and develop the combined Corporation's key projects even as market conditions remain challenging for gold exploration and development companies, (ii) capitalize on its scale, (iii) realize the anticipated capital and operating synergies, (iv) profitably sequence the growth prospects of its asset base, (v) maximize the potential of its improved growth opportunities, and (vi) maximize capital funding opportunities. A variety of factors, including those risk factors set forth in this AIF, may adversely affect the ability of Corporation to achieve the anticipated benefits of the NioGold Arrangement.

The ability to realize the benefits of the NioGold Arrangement also depends on successfully consolidating functions and integrating operations, procedures and personnel in a timely and efficient manner. This integration will require the dedication of substantial management effort, time and resources which may divert management's focus and resources from other strategic opportunities of the combined Corporation going forward.

### **Global Financial Conditions**

Current global financial conditions have been subject to increased volatility, and access to public financing, particularly for junior resource companies, has been negatively impacted. These factors may impact the ability of the Corporation to obtain equity or debt financing in the future and, if obtained, such financing may not be on terms favourable to the Corporation. If increased levels of volatility and market turmoil continue, the Corporation's operations could be adversely impacted and the value and price of the Common Shares could be adversely affected.

### **Competition**

The mineral exploration and mining business is competitive in all of its phases. In the search for and acquisition of attractive mineral properties, the Corporation competes with numerous other companies and individuals, including competitors with greater financial, technical and other resources. The Corporation's ability to acquire properties in the future will depend on its ability to

select and acquire suitable producing properties or prospects for mineral exploration. There is no assurance that the Corporation will continue to be able to compete successfully with its competitors in acquiring such properties or prospects, nor that it will be able to develop any market for the raw materials that may be produced from its properties. Any such inability could have a material adverse effect on the Corporation's business and financial condition.

### **Option and Joint Venture Agreements**

The Corporation has and may continue to enter into option agreements and/or joint ventures as a means of gaining property interests and raising funds. Any failure of any partner to meet its obligations to the Corporation or other third parties, or any disputes with respect to third parties' respective rights and obligations, could have a negative impact on the Corporation. Pursuant to the terms of certain of the Corporation's existing option agreements, the Corporation is required to comply with exploration and community relations obligations, among others, any of which may adversely affect the Corporation's business, financial results and condition.

Under the terms of such option agreements the Corporation may be required to comply with applicable laws, which may require the payment of maintenance fees and corresponding royalties in the event of exploitation/production. The costs of complying with option agreements are difficult to predict with any degree of certainty; however, were the Corporation forced to suspend operations on any of its concessions or pay any material fees, royalties or taxes, it could result in a material adverse effect to the Corporation's business, financial results and condition.

The Corporation may be unable to exert direct influence over strategic decisions made in respect of properties that are subject to the terms of these agreements, and the result may be a materially adverse impact on the strategic value of the underlying concessions.

### **Community Relationships**

The Corporation's relationships with the communities in which it operates are critical to ensure the future success of its existing operations and the construction and development of its projects.

The Windfall Lake Project is located on Category III lands and aboriginals have shown an interest in the territory. The Windfall Project site falls within the Traditional Territory of the Waswanipi Cree First Nation. The Corporation has an advanced exploration agreement in place with the Cree First Nation of Waswanipi, the Grand Council of the Crees Eeyou Istchee, and the Cree Regional Authority. In addition, informal initial discussions have been held with some stakeholders. As the Windfall Lake Project progresses, a formal communication and consultation plan will be required to engage both the aboriginal and non-aboriginal stakeholders to inform and consult the First Nations and the public on the Windfall Lake Project activities, to address their concerns and to collect their comments. Other agreements may have to be negotiated with the First Nations involved as the Windfall Project progresses.

While the Corporation is committed to operating in a socially responsible manner and working towards entering into agreements in satisfaction of such requirements, there is no guarantee that its efforts will be successful, in which case interventions by third parties could have a material adverse effect on the Corporation's business, financial position and operations.

## **Conflicts of Interest**

Certain of the directors and officers of the Corporation also serve as directors and/or officers of other companies involved in natural resource exploration, development and mining operations. Consequently, there exists the possibility for such directors and officers to be in a position of conflict. The directors of the Corporation are required by law to act honestly and in good faith with a view to the best interests of the Corporation, and to disclose any interest they may have in any project or opportunity of the Corporation. In addition, each of the directors is required by law to declare his or her interest in and refrain from voting on any matter in which he or she may have a conflict of interest, in accordance with applicable laws.

## **Infrastructure**

Mining, processing, development and exploration activities depend, to one degree or another, on adequate infrastructure. Reliable roads, bridges, power sources and water supplies, as well as the location of population centres and pools of labour, are important determinants which affect capital and operating costs. Unusual or infrequent weather phenomena, sabotage, government or other interference in the maintenance or provision of such infrastructure could impact the Corporation's ability to explore its properties, thereby adversely affecting its business and financial condition.

## **The Outstanding Common Shares Could be Subject to Dilution**

The exercise of stock options and warrants already issued by the Corporation and the issuance of additional equity securities in the future could result in dilution in the equity interests of holders of Common Shares.

## **No Dividends Policy**

The Corporation has not declared a dividend since incorporation and does not anticipate doing so in the foreseeable future. Any future determination as to the payment of dividends will be at the discretion of the Board and will depend on the availability of profit, operating results, the financial position of the Corporation, future capital requirements and general business and other factors considered relevant by the directors of the Corporation. No assurances in relation to the payment of dividends can be given.

## **DIVIDENDS OR DISTRIBUTIONS**

There are no restrictions in the Corporation's articles or by-laws or pursuant to any agreement or understanding which could prevent the Corporation from paying dividends. The Corporation has never declared or paid any dividends on any class of securities. The Corporation currently intends to retain future earnings, if any, to fund the development and growth of its business, and does not intend to pay any cash dividends on the Common Shares for the foreseeable future. Any decision to pay dividends on the Common Shares in the future will be made by the Board on the basis of earnings, financial requirements and other conditions existing at the time.



## DESCRIPTION OF CAPITAL STRUCTURE

The Corporation's authorized capital stock consists of an unlimited number of Common Shares, of which 123,760,149 Common Shares are issued and outstanding as of the date of this AIF.

All Common Shares rank equally as to dividends, voting powers and participation in the distribution of assets. All holders of Common Shares are entitled to receive notice of any meetings of shareholders of the Corporation, and to attend and cast one vote per Common Share at all such meetings. Holders of Common Shares do not have cumulative voting rights with respect to the election of directors. Holders of Common Shares are entitled to receive on a pro rata basis such dividends, if any, as and when declared by the Board at its discretion from funds legally available therefor, and upon the liquidation, dissolution or winding up of the Corporation are entitled to receive on a pro rata basis the net assets of the Corporation after payment of liabilities, in each case subject to the rights, privileges, restrictions and conditions attaching to any other series or class of shares ranking senior in priority to or on a pro rata basis with the holders of Common Shares with respect to dividends or liquidation. The Common Shares do not carry any pre-emptive, subscription, redemption or conversion rights, nor do they contain any sinking or purchase fund provisions.

## MARKET FOR SECURITIES

### Trading Price and Volume

#### *Common Shares*

The Common Shares trade on the TSX under the symbol "OBM". The following table sets out the high and low trading prices, as well as the trading volume, for the Common Shares on the TSX for each month of the fiscal year ended December 31, 2015.

Month	Price Range (\$)		Total Volume
	High	Low	
January 2015	0.17	0.12	2,590,479
February 2015	0.165	0.11	1,511,905
March 2015	0.125	0.095	836,111
April 2015	0.12	0.095	1,312,360
May 2015	0.11	0.085	272,439
June 2015	0.075	0.135	4,412,339
July 2015	0.115	0.085	1,070,000
August 2015*	1.37	0.06	7,720,000
September 2015	1.46	1.18	3,580,000
October 2015	1.29	1.15	1,840,000
November 2015	1.22	1.09	1,312,193
December 2015	1.29	1.1	1,329,213

\* In connection with the Arrangement, the Corporation amended its articles to consolidate the Common Shares on the basis of one post-consolidation Common Share for every 20 pre-consolidation Common Shares.

### **Arrangement Warrants**

The Arrangement Warrants trade on the TSX under the symbol "OBM.WT". The following table sets out the high and low trading prices, as well as the trading volume, for the Common Shares on the TSX for each month of the fiscal year ended December 31, 2015, starting on the date on which the Arrangement Warrants commenced trading.

<b>Month</b>	<b>Price Range (\$)</b>		<b>Total Volume</b>
	<b>High</b>	<b>Low</b>	
August (27-31) 2015	0.12	0.09	112,500
September 2015	0.105	0.02	13,240
October 2015	0.03	0.02	744,165
November 2015	0.025	0.02	282,035
December 2015	0.025	0.015	1,340,000

### **Prior Sales**

During the financial year ended December 31, 2015, the Corporation issued the following securities.

<b>Date of Issuance</b>	<b>Number of Securities Issued</b>	<b>Type of Security</b>	<b>Price per Security (\$)</b>	<b>Reason for Issuance</b>
April 23, 2015	750,000 <sup>(1)</sup>	Common Shares	\$2.00 <sup>(1)</sup>	Private Placement
April 27, 2015	250,000 <sup>(1)</sup>	Common Shares	\$2.00 <sup>(1)</sup>	Private Placement
August 25, 2015	32,185,072 <sup>(1)</sup>	Common Shares	– <sup>(2)</sup>	Arrangement <sup>(3)</sup>
August 25, 2015	6,531,816 <sup>(1)</sup>	Arrangement Warrants	– <sup>(4)</sup>	Arrangement <sup>(3)</sup>
August 25, 2015	8,087,549 <sup>(1)</sup>	Common Shares	\$2.20 <sup>(1)</sup>	Private Placement <sup>(5)</sup>
August 28, 2015	3,925,000	Options	– <sup>(6)</sup>	Security-Based Compensation
September 30, 2015	8,427,500	Common Shares	\$1.55	Private Placement
November 19, 2015	600,000	Options	– <sup>(7)</sup>	Security-Based Compensation
December 22, 2015	4,000,000	Common Shares	– <sup>(9)</sup>	Arrangement <sup>(8)</sup>
December 22, 2015	696,048	Warrants	– <sup>(10)</sup>	Arrangement <sup>(8)</sup>

Notes:

- (1) Adjusted to reflect the consolidation of Common Shares on August 25, 2015 on the basis of one (1) post consolidation Common Share for each twenty (20) pre-consolidation Common Shares.
- (2) Under the 2015 Arrangement, after giving effect to the consolidation in Note (1) above, (i) former holders of Eagle Hill common shares received 0.5 of a Common Share (and 0.25 of an Arrangement Warrant) in exchange for each common share of Eagle Hill held, (ii) former holders of Ryan common shares received 0.094 Common Shares in exchange for each common share of Ryan held, and (iii) former holders of Corona common shares received 0.38355 Common Shares in exchange for each common share of Corona held.
- (3) Issued pursuant to the 2015 Arrangement.
- (4) Under the 2015 Arrangement, former holders of Eagle Hill common shares received 0.25 of an Arrangement Warrant (plus 0.5 of a Common Share) in exchange for each common share of Eagle Hill held. Such Arrangement Warrants entitle the holders thereof to receive one (1) Common Share upon payment of the exercise price of \$3.00 per Arrangement Warrant.

- (5) Issued pursuant to the Osisko Private Placement.
- (6) Such Options entitle holders thereof to receive one (1) Common Share upon payment of the exercise price of \$1.20 per Option.
- (7) Such Options entitle holders thereof to receive one (1) Common Share upon payment of the exercise price of \$1.16 per Option.
- (8) Issued pursuant to the Northern Gold Arrangement.
- (9) Under the Northern Gold Arrangement, former holders of common shares in the capital of Northern Gold received, in the aggregate, 4,000,000 Common Shares.
- (10) Represents replacement warrants granted pursuant to the Northern Gold Arrangement.

## EMPLOYEES

As at December 31, 2015, the Corporation had 5 employees.

## DIRECTORS AND OFFICERS

The following table sets forth the name and residence of each director and executive officer of the Corporation, as well as such individual's position with the Corporation, period of service as a director and/or officer (as applicable), and principal occupation(s) within the five preceding years. Each of the directors of the Corporation will hold office until the close of the next annual meeting of shareholders or until the director's successor is elected or appointed.

Name, Province and Country of Residence	Position(s) with Corporation	Date of Appointment as Director	Principal Occupation(s) for Five Preceding Years
<b>John Burzynski</b> Ontario, Canada	President and Chief Executive Officer ("CEO") and Director	February 2010	Currently, President and CEO of the Corporation since August 2015 and Senior Vice President, New Business Development of Osisko Gold Royalties Ltd since June 2014; formerly, Vice President, Corporate Development, Osisko Mining Corporation.
<b>Jose Vizquerra</b> Ontario, Canada	Senior Vice President and Chief Operations Officer ("COO") and Director	December 2011	Currently, Senior Vice President and COO of the Corporation; formerly, President and CEO of the Corporation; President and CEO of Oban Exploration Limited; Head of Project Evaluations, Cia. de Minas Buenaventura S.A.A.; Exploration Geologist, Goldcorp Canada Ltd.
<b>Blair Zaritsky</b> Ontario, Canada	Chief Financial Officer ("CFO") and Corporate Secretary	--	Currently, CFO of the Corporation; formerly CFO of Oban Exploration Limited; Corporate Controller, INV Metals Inc.; Senior Manager, Smith Nixon LLP.
<b>Gernot Wober</b> Ontario, Canada	Vice President, Exploration	--	Currently, Vice President, Exploration of the Corporation; formerly, Vice President, Exploration of Oban Exploration Limited; Director of Site Operations, Pebble Limited Partnership.
<b>Sean Roosen</b> <sup>(2)(5)(7)</sup> Québec, Canada	Co-Chairman	August 2015	Currently, Chair and CEO, Osisko Gold Royalties Ltd; formerly, President and CEO, Osisko Mining Corporation.
<b>Ned Goodman</b> <sup>(5)(6)(7)</sup> Ontario, Canada	Co-Chairman	August 2015	Founder and formerly, President and CEO, Dundee Corporation.

<b>Name, Province and Country of Residence</b>	<b>Position(s) with Corporation</b>	<b>Date of Appointment as Director</b>	<b>Principal Occupation(s) for Five Preceding Years</b>
<b>Robert Wares</b> <sup>(3)(6)</sup> Québec, Canada	Director	January 2013	Currently, Chief Geologist, Osisko Gold Royalties Ltd; President and Director, Ordre des Géologues du Québec; formerly, President and CEO, NioGold Mining Corporation; Senior Vice President, Exploration and Resource Development, Osisko Mining Corporation.
<b>Patrick F.N. Anderson</b> <sup>(3)(5)(6)</sup> Ontario, Canada	Director	August 2012	Currently, CEO, Dalradian Resources Inc.; formerly, President and CEO, Aurelian Resources Inc.
<b>Keith McKay</b> <sup>(1)(2)(3)(4)(5)</sup> Ontario, Canada	Director	August 2012	Currently, CFO, Dalradian Resources Inc.; formerly, CFO, Continental Gold Limited; CFO, Andina Minerals Inc.; Vice President and CFO, Aurelian Resources Inc.
<b>Murray John</b> <sup>(1)(4)(7)</sup> Ontario, Canada	Director	August 2015	Retired. Formerly, President and CEO of Dundee Resources Limited; Managing Director and Portfolio Manager, Goldman & Company, Investment Counsel Inc.; President and CEO, Corona Gold Corporation; President and CEO, Ryan Gold Corp.
<b>David Christie</b> <sup>(1)(4)(7)</sup> Ontario, Canada	Director	August 2015	Currently, Vice President, Goldman & Company, Investment Counsel Inc. since October 2012; Vice President, Dundee Resources Limited; formerly, President and CEO, Eagle Hill Exploration Corporation; President, Bellotti Goodman Inc.
<b>Bernardo Alvarez Calderon</b> <sup>(1)(2)(3)(4)(6)</sup> Lima, Peru	Director	April 2014	President and CEO, Analytica Mineral Services.

Notes:

- (1) Member of the Corporate Governance and Nominating Committee. Mr. Christie is the Chair.
- (2) Member of the Audit Committee. Mr. McKay is the Chair.
- (3) Member of the Compensation Committee. Mr. Wares is the Chair.
- (4) Member of the Health and Safety Committee. Mr. Calderon is the Chair.
- (5) Member of the Financial Committee. Mr. Roosen is the Chair.
- (6) Member of the Technical Committee. Mr. Goodman is the Chair.
- (7) Was appointed as a director on August 25, 2015 on completion of the 2015 Arrangement.

Based on the disclosure available on the System for Electronic Disclosure by Insiders ("**SEDI**"), as of the date of this AIF, the directors and executive officers of the Corporation, as a group, beneficially owned, or controlled or directed, directly or indirectly, a total of 4,757,964 Common Shares, representing approximately 3.85% of the total number of Common Shares outstanding.

Set forth below is a brief description of the background of the directors and executive officers of the Corporation, including a description of each individual's principal occupation(s) within the past five years.

### **John Burzynski, President, Chief Executive Officer and Director**

Mr. Burzynski currently serves as the President, CEO and a director of the Corporation. His current principal occupation is Senior Vice President, New Business Development and director of Osisko Gold Royalties Ltd since June 2014. From 2006 to 2014, Mr. Burzynski was the Vice President,

Business Development of Osisko Mining Corporation. He is one of the three founders of Osisko Mining Corporation. Mr. Burzynski holds a Bachelor of Science (Honours) degree in geology from Mount Allison University, and a Master of Science in exploration and mineral economics from Queen's University. He is a registered P.Geo. in the province of Québec, and has over 25 years of experience as a professional geologist on international mining and development projects. He currently serves as a director with Condor Petroleum Inc. (CPI:TSX) and Strongbow Exploration Inc. (SBW:TSXV). Mr. Burzynski is also a founding member of EurAsia Resource Holdings AG, a private resource fund based in Europe.

### **Jose Vizquerra, Chief Operating Officer, Senior VP of Corporate Development and Director**

Mr. Vizquerra currently serves as Senior Vice President of Corporate Development and COO of the Corporation. From August 2011 until the completion of the 2015 Arrangement, Mr. Vizquerra served as President and CEO of the Corporation. He was previously the Head of Project Evaluations for Cia. de Minas Buenaventuras S.A.A. Peru's largest publicly-traded precious metals company, and before that was Exploration Geologist for Goldcorp Canada Ltd., a large Canadian gold producer. Prior to the 2014 Arrangement, he was also the President, CEO and a director of OEL. Mr. Vizquerra Benavides has a Bachelor's degree in Civil Engineering from the Universidad Peruana de Ciencias Aplicadas, a Master's of Science in mineral exploration from Queen's University, and a Diploma in Finance from Universidad del Pacifico. Mr. Vizquerra currently serves as a directors with Timmons Gold Ltd. (TMM.TSX) and Bonterra Resources Inc. (BTR.TSXV).

### **Blair Zaritsky, Chief Financial Officer and Corporate Secretary**

Mr. Zaritsky was appointed CFO of the Corporation in June 2011 and Corporate Secretary of the Corporation in September 2012. Prior to the 2014 Arrangement, he was also the CFO and a director of OEL. He was previously the Corporate Controller for INV Metals Inc., a Canadian mineral resource company focused on base and precious metal projects, and before that a Senior Manager for accounting firm Smith Nixon LLP (now Collins Barrow Toronto LLP). Mr. Zaritsky possesses over nine years of Canadian public practice experience with exposure to various types of engagements and clients, gained through managing audit engagements of publicly listed companies traded on the TSX, TSX Venture Exchange and Canadian National Stock Exchange. He obtained his Chartered Professional Accountant designation in 2003 and holds dual Bachelor of Arts degrees in accounting and economics from Brock University and Western University, respectively.

### **Gernot Wober, Vice President, Exploration**

Mr. Wober was appointed Vice President, Exploration of the Corporation in June 2012. He was previously employed by the Pebble Limited Partnership and worked as Director of Site Operations at the Pebble Project in Iliamna, Alaska. Mr. Wober has 29 years of exploration and development experience including working on projects in Canada (British Columbia, Yukon Territories, Northwest Territories, and Manitoba), USA (Alaska and Nevada), Peru, Colombia, Nicaragua, Honduras, Mexico, Uruguay, Brazil, Eritrea, Mali, Burkina Faso, Ghana, Ivory Coast, Sudan, Mozambique and South Africa. He has excellent technical, logistical and management skills and has worked extensively on advanced projects through feasibility stages. He was also the Vice

President, Exploration of OEL prior to the 2014 Arrangement. Mr. Wober attended the University of British Columbia, where he obtained a Bachelor of Science degree, and obtained a P.Geo. designation in 1996.

### **Sean Roosen, Co-Chairman**

Mr. Roosen currently serves as a Co-Chairman of the Corporation. He is also the Chair of the Board of Directors and CEO of Osisko Gold Royalties Ltd since June 2014. Prior to this, Mr. Roosen was the President and CEO of Osisko Mining Corporation. He led the transition of Osisko Mining Corporation from a junior exploration company to a leading intermediate gold producer. He was responsible for leading the strategic development of Osisko Mining Corporation and was instrumental in securing the necessary financing to fund the development of the \$1 billion Canadian Malartic Mine. Among other awards, Mr. Roosen was a co-winner of the Prospectors and Developers Association of Canada's "Prospector of the Year Award" for 2007, and was named, together with Mr. Burzynski and Mr. Wares as the "Mining Men of the Year" for 2009 by the Northern Miner. Mr. Roosen is a Supervisory Board member of EurAsia Resource Holdings AG – a European based venture capital fund – and a director of EurAsia Resource Value SE. Mr. Roosen also sits on the Board of Directors of the following publicly listed companies: Astur Gold Corporation, Bowmore Exploration Ltd., Condor Petroleum Inc., Dalradian Resources Inc. and Falco Resources Ltd.. Mr. Roosen is a graduate of the Haileybury School of Mines and has had various progressive positions in the mining industry both domestically and internationally.

### **Ned Goodman, Co-Chairman**

Mr. Goodman currently serves as a Co-Chairman of the Corporation. Mr. Goodman is the founder, a current director and the former President and CEO of Dundee Corporation, an independent asset management company focused on the areas of real estate and infrastructure, energy, resources and agriculture. He has decades of experience as a securities analyst, asset manager, senior executive, geologist and as an investor. Mr. Goodman has a Bachelor of Science degree from McGill University, a Masters of Business Administration from the University of Toronto, a designation of Chartered Financial Analyst and several honorary University Doctorates of Laws. Mr. Goodman also served as the Chancellor of Brock University and is the founder of the Goodman School of Business at Brock University and founder of the Goodman School of Mines at Laurentian University.

### **Robert Wares, Director**

Mr. Wares was appointed as a director of the Corporation on January 15, 2013. He is also Chief Geologist for Osisko Gold Royalties Ltd. Prior to the NioGold Arrangement, his principal occupation was President, CEO and director of NioGold Mining Corporation. Mr. Wares is a professional geologist with over 35 years of experience in mineral exploration and development. He was responsible for the discovery of the Canadian Malartic bulk tonnage gold deposit, and is one of the three founders of Osisko Mining Corporation which subsequently developed the mine into one of Canada's largest gold producers. Mr. Wares is also the President and Director of the Ordre des Géologues du Québec, and sits on the Board of Directors of the following public companies: Bowmore Exploration Inc., Komet Resources Inc., Oban Mining Corporation and

Arizona Mining Inc. Mr. Wares has a BSc. and an Honorary Doctorate in Earth Sciences from McGill University.

**Patrick F.N. Anderson, Director**

Mr. Anderson is an exploration geologist, entrepreneur and business executive with over 20 years of experience working in the resource sector and currently serves as the CEO and Chairman of Dalradian Resources Inc. After graduating with a geology degree from the University of Toronto, he moved to Venezuela to work as the resident project geologist on a successful kimberlite exploration program. He has been a consulting geologist on gold, base metals and diamond projects for junior explorers, major producers and mineral industry consulting firms in South America, North America and Europe. Mr. Anderson was a director, President, Chief Executive Officer and co-founder of Aurelian Resources Inc., which discovered a 13.7 million ounce gold deposit in 2006 and was acquired by Kinross Gold in 2008. He was named Mining Man of the Year by The Northern Miner in 2009 and received the PDAC's Thayer Lindsley award for an international mineral discovery in 2008.

**Keith McKay, Director**

Mr. McKay currently serves as a director of the Corporation. His current principal occupation is CFO of Dalradian Resources Inc., an exploration-stage gold mining company active in Northern Ireland. Mr. McKay was previously the CFO of Continental Gold Limited; CFO of Andina Minerals Inc.; and Vice President and CFO of Aurelian Resources Inc. He obtained his Chartered Professional Accountant designation with Coopers & Lybrand (now PricewaterhouseCoopers LLP).

**Murray John, Director**

Mr. John currently serves as a director of the Corporation. He is also a director of Dundee Precious Metals Inc. and a former director of several other companies. Prior to his retirement in December 2015, Mr. John was President and CEO of Dundee Resources Limited, a private resource-focused investment company and Managing Director and a Portfolio Manager with Goodman & Company, Investment Counsel Inc., where he was responsible for managing resource and precious metals focused mutual funds and flow-through limited partnerships. Mr. John was also the former President and CEO of Corona and Ryan prior to the 2015 Arrangement. He has been involved with the resource investment industry since 1992 and has worked as an investment banker, buy-side mining analyst, sell-side mining analyst and portfolio manager. Mr. John graduated from the Camborne School of Mines in 1980 and has extensive industry experience working as a mining engineer for Strathcona Mineral Services Ltd., Nanisivik Mines Ltd. and Eldorado Nuclear Limited. He also received a Master of Business Administration from the University of Toronto in 1992.

**David Christie, Director**

Mr. Christie currently serves as a director of the Corporation. His current principal occupation is Vice President of Goodman and Company, Investment Counsel Inc. and Dundee Resources Limited, wholly owned subsidiaries of Dundee Corporation. He is also a director of Formation Metals Inc. and two private companies: Condor Precious Metals Inc. and True North Nickel Inc.

Mr. Christie is a professional geologist and investment manager with nearly 29 years of experience in the resource industry. Mr. Christie worked as an exploration geologist with a number of resource companies for more than 15 years, predominantly in the Abitibi sub-province of Québec and Ontario. He moved to a mining equity research role in 2000, where he was highly ranked in industry surveys as a senior gold and precious mineral equity analyst at two bank-owned brokerages. Mr. Christie was the President of Bellotti Goodman Inc. and also formerly the President, CEO and director of Eagle Hill prior to the 2015 Arrangement. He has extensive experience in the North American mining industry working as a professional geologist exploring for gold, base metals, uranium and platinum group metals. Mr. Christie is a member of the PDAC convention planning committee. Mr. Christie received a Bachelor of Science in Geology from McMaster University in 1986, and is registered as a Professional Geologist with APGO and NAPEG and is a Fellow of the Geological Association of Canada.

### **Bernardo Alvarez Calderon, Director**

Mr. Calderon was appointed as a director of the Corporation on April 14, 2014. His current principal occupation is CEO of Analytica Mineral Services since January 2005. Mr. Alvarez Calderon has taken the Owners/President Management Program at the Harvard Business School and holds a Bachelor of Science in geological engineering from the Colorado School of Mines.

### **Cease Trade Orders, Bankruptcies, Penalties or Sanctions**

No individual set forth in the above table is, as at the date hereof, or was, within 10 years before the date hereof, a director, chief executive officer or chief financial officer of any company (including the Corporation) that:

- (a) was subject to a cease trade order, an order similar to a cease trade order or an order that denied the relevant company access to any exemption under securities legislation, that was in effect for a period of more than 30 consecutive days and that was issued while such individual was acting in the capacity as director, chief executive officer or chief financial officer; or
- (b) was subject to a cease trade order, an order similar to a cease trade order or an order that denied the relevant company access to any exemption under securities legislation, that was in effect for a period of more than 30 consecutive days, that was issued after such individual ceased to be a director, chief executive officer or chief financial officer, and which resulted from an event that occurred while such individual was acting in the capacity as director, chief executive officer or chief financial officer.

Other than as set out below, no individual set forth in the above table or shareholder holding a sufficient number of securities of the Corporation to affect materially the control of the Corporation, nor any personal holding company of any such individual:

- (a) is, as of the date hereof, or has been within 10 years before the date hereof, a director or executive officer of any company (including the Corporation) that, while such individual was acting in that capacity, or within a year of such individual ceasing to act in that capacity, became bankrupt, made a proposal under any legislation



relating to bankruptcy or insolvency, was subject to or instituted any proceedings, arrangement or compromise with creditors, or had a receiver, receiver manager or trustee appointed to hold its assets; or

- (b) has, within the 10 years before the date hereof, become bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency, become subject to or instituted any proceedings, arrangement or compromise with creditors, or had a receiver, receiver manager or trustee appointed to hold the assets of such individual; or
- (c) has been subject to (i) any penalties or sanctions imposed by a court relating to securities legislation or by a securities regulatory authority, or has entered into a settlement agreement with a securities regulatory authority; or (ii) any other penalties or sanctions imposed by a court or regulatory body that would likely be considered important to a reasonable investor in making an investment decision.

Murray John, a director of the Corporation, is a director of African Minerals Limited ("**African Minerals**"), an AIM-listed company incorporated in Bermuda that appointed an insolvency administrator (the "**Administrator**") in March 2015.

Certain of the officers and directors of the Corporation also serve as directors and/or officers of other companies involved in the mineral exploration and development business, and consequently there exists the possibility for such officers or directors to be in a position of conflict. Any decision made by any such officers or directors involving the Corporation will be made in accordance with their duties and obligations under the laws of the Province of Ontario and Canada.

### **PROMOTER**

John Burzynski was a promoter of the Corporation within the meaning of relevant Canadian securities legislation. As of the date hereof, Mr. Burzynski beneficially owns, controls or directs, directly or indirectly, 1,445,568 Common Shares, representing 1.17% of the issued and outstanding Common Shares. Mr. Burzynski currently serves as President and CEO and as a director of the Corporation and, for such service, receives a base salary of \$270,000 in accordance with the terms of his employment agreement as well as option grants at the discretion of the board of directors. Prior to the completion of the 2015 Arrangement, Mr. Burzynski served as Chairman of the Corporation and received compensation for such services including a retainer and option grants at the discretion of the board. See "*Directors and Officers*".

### **LEGAL PROCEEDINGS AND REGULATORY ACTIONS**

The Corporation is not and was not a party to, and none of its property is or was the subject of, any legal proceedings during the Corporation's most recently completed financial year, nor does the Corporation contemplate any such legal proceedings.

No penalties or sanctions have been imposed against the Corporation (i) by a court relating to securities legislation or (ii) by a securities regulatory authority, nor has the Corporation entered into any settlement agreements (a) before a court relating to securities legislation or (b) with a securities regulatory authority, during the Corporation's most recently completed financial year,

nor has a court or regulatory body imposed any other penalties or sanctions against the Corporation.

### **INTERESTS OF MANAGEMENT AND OTHERS IN MATERIAL TRANSACTIONS**

Except as disclosed elsewhere in this AIF, no (a) director or executive officer, (b) person or company that beneficially owns, controls or directs, directly or indirectly, more than 10% of the Common Shares, nor (c) associate or affiliate of any of the persons or companies referred to in (a) or (b) has, or has had within the three most recently completed financial years before the date hereof, any material interest, direct or indirect, in any transaction that has materially affected or is reasonably expected to materially affect the Corporation or any of its subsidiaries.

### **TRANSFER AGENT AND REGISTRAR**

The transfer agent and registrar of the Corporation is Equity Financial Trust Company, and the register of Common Shares and register of transfers are maintained at its Toronto office.

### **MATERIAL CONTRACTS**

The only material contracts that the Corporation has entered into (i) since the beginning of its most recently completed financial year or (ii) before the beginning of its most recently completed financial year and that are still in effect, other than contracts entered into in the ordinary course of business, are as follows (copies of which are available under the Corporation's SEDAR profile at [www.sedar.com](http://www.sedar.com)):

- (a) Three Party Arrangement Agreement (see "*Description of the Business – Three Year History – 2015*");
- (b) 2015 Warrant Indenture (see "*Description of the Business – Three Year History – 2015*");
- (c) Investment Agreement (see "*Description of the Business – Three Year History – 2015*");]
- (d) 2015 Underwriting Agreement (see "*Description of the Business – Three Year History – 2015*");
- (e) Northern Arrangement Agreement (see "*Description of the Business – Three Year History – 2015*");
- (f) NioGold Arrangement Agreement (see "*Description of the Business – Three Year History – Events Subsequent to 2015*");
- (g) 2016 Agency Agreement (see "*Description of the Business – Three Year History – Events Subsequent to 2015*");
- (h) Subscription Receipt Agreement (see "*Description of the Business – Three Year History – Events Subsequent to 2015*"); and

- (i) 2016 Warrant Indenture (see "*Description of the Business – Three Year History – Events Subsequent to 2015*").

## AUDIT COMMITTEE

### The Audit Committee's Charter

The Board has adopted a Charter for the Audit Committee, which sets out the Audit Committee's mandate, organization, powers and responsibilities. The full text of the Audit Committee Charter is attached hereto as Schedule "A".

### Composition of the Audit Committee

The members of the Audit Committee are Keith McKay (Chair), Sean Roosen and Bernardo Alvarez Calderon. All of the members of the Audit Committee are 'independent' and all of the members of the Audit Committee are considered 'financially literate' (as such terms are defined in National Instrument 52-110).

Name of Member	Independent <sup>(1)</sup>	Financially Literate <sup>(2)</sup>
Keith McKay (Chair)	Yes	Yes
Sean Roosen	Yes	Yes
Bernardo Alvarez Calderon	Yes	Yes

Notes:

- (1) To be considered independent, a member of the Audit Committee must not have any direct or indirect "material relationship" with the Corporation. A "material relationship" is a relationship which could, in the view of the Board, be reasonably expected to interfere with the exercise of a member's independent judgment.
- (2) To be considered financially literate, a member of the Audit Committee must have the ability to read and understand a set of financial statements that present a breadth and level of complexity of accounting issues that are generally comparable to the breadth and complexity of issues that can reasonably be expected to be raised by the Corporation's financial statements.

### Relevant Education and Experience

**Keith McKay (Chair):** Mr. McKay brings approximately 30 years of financial management and risk assessment experience to the Audit Committee. Mr. McKay is currently the CFO of Dalradian Resources Inc., and has also been CFO of the following other public companies: Continental Gold Limited, Andina Minerals Inc. and Aurelian Resources Inc. Mr. McKay is currently a director of the Corporation and Dalradian Resources Inc., and has also been a director of Noront Resources Ltd. He also previously served in a variety of other financial roles across the mining, engineering, and banking industries. Mr. McKay obtained his Chartered Professional Accountant designation at Coopers & Lybrand (now PricewaterhouseCoopers LLP) and, as a Chartered Professional Accountant, he has experience in preparing, auditing, analyzing and evaluating financial statements; understanding internal controls and procedures for financial reporting; and evaluating the accounting principles used by the Corporation to prepare its financial statements.

**Sean Roosen:** Mr. Roosen is Chairman and CEO of Osisko Gold Royalties Ltd and was formerly President and CEO of Osisko Mining Corporation, which he co-founded. He led the transition of Osisko Mining Corporation from a junior exploration company to a leading intermediate gold

producer. He was responsible for leading the strategic development of Osisko Mining Corporation and was instrumental in securing the necessary financing to fund the development of the \$1 billion Canadian Malartic Mine, Osisko Mining Corporation's flagship asset. Mr. Roosen is a founding member and supervisory board member of Eurasia Holdings A.G., a European based venture capital fund. He is also a supervisory board member of Eurasia Resource Holdings A.G. Mr. Roosen also sits on the board of directors of the following publicly listed companies: Astur Gold Corporation, Bowmore Exploration Ltd. and Condor Petroleum Inc. Mr. Roosen is a graduate of the Haileybury School of Mines and has had various progressive positions in the mining industry both domestically and internationally. Mr. Roosen, through his education and experiences, has developed a broad understanding of accounting principles used by the Corporation to prepare its financial statements

Bernardo Alvarez Calderon: Mr. Calderon has served as CEO of Analytica Mineral Services since January 2005. Mr. Alvarez Calderon has also taken the Owners/President Management Program at the Harvard Business School and holds a Bachelor of Science in geological engineering from the Colorado School of Mines. Through his education and experience he has a broad based understanding of the accounting principles used by the Corporation to prepare its financial statements. He is well-versed in mining and community issues as well as business risks.

For more information see "*Directors and Officers*".

### **Pre-Approval Policies and Procedures**

In the event that the Corporation wishes to retain the services of the Corporation's external auditors for tax compliance, tax advice or tax planning, the chief financial officer of the Corporation shall consult with the Chair of the Audit Committee, who shall have the authority to approve or disapprove such non-audit services on behalf of the Audit Committee. All other non-audit services shall be approved or disapproved by the Audit Committee as a whole.

The CFO of the Corporation shall maintain a record of non-audit services approved by the Chair of the Audit Committee or the Audit Committee for each financial year, and shall provide a report to the Audit Committee no less frequently than on a quarterly basis.

### **External Auditor Service Fees**

The following table discloses the fees charged to the Corporation by its external auditor during the last two financial years:

<b>Financial Year Ending</b>	<b>Audit Fees<sup>(1)</sup></b>	<b>Audit-Related Fees<sup>(2)</sup></b>	<b>Tax Fees<sup>(3)</sup></b>	<b>All Other Fees</b>
December 31, 2015	\$63,658	\$78,767	\$10,678	Nil
December 31, 2014	\$79,200	\$15,700	\$17,346	Nil

Notes:

- (1) The aggregate fees charged for professional services rendered by the auditor for the audit of the Corporation's annual financial statements and interim reviews of the Corporation's quarterly financial statements.
- (2) The aggregate fees charged for assurance and related services that are reasonably related to the performance of the audit or review of the Corporation's financial statements and that are not disclosed in the "Audit Fees"

column, including fees billed for due diligence and review related to the 2014 Arrangement and the 2015 Arrangement.

- (3) The aggregate fees charged for tax compliance, tax advice, and tax planning services.

### **INTERESTS OF EXPERTS**

The independent authors of the Windfall Lake PEA are Mike McLaughlin, P.Eng (mining); Rodrigue Ouellet, Eng (Environment); Marie-Claude Dion, Eng (tailings and water storage facility); and Pierre Roy, Eng (metallurgy and processing). The independent co-authors of the Marban Block Technical Report are Michael M. Gustin, CPG and Peter Ronning, P.Eng. To the knowledge of the Corporation, none of these individuals has a beneficial interest in the securities of the Corporation or any of its subsidiaries or in the assets of the Corporation or any of its subsidiaries.

PricewaterhouseCoopers LLP, the auditors of the Corporation, prepared an auditors' report to the shareholders of the Corporation on the statements of financial position of the Corporation for the year ended December 31, 2015, and the statements of loss and comprehensive loss, cash flows and changes in shareholders' equity for the year ended December 31, 2015. PricewaterhouseCoopers LLP has advised that it is independent with respect to the Corporation within the meaning of the rules of Professional Conduct of Chartered Professional Accountants of Ontario.

KPMG LLP, the auditors of the Corporation prior to December 17, 2015, prepared an auditors' report to the shareholders of the Corporation on the statements of financial position of the Corporation for the years ended December 31, 2014 and 2013, and the statements of loss and comprehensive loss, cash flows and changes in shareholders' equity for the years ended December 31, 2014 and 2013. KPMG LLP has advised that it is independent with respect to the Corporation within the meaning of the rules of Professional Conduct of Chartered Professional Accountants of Ontario.

Cormark Securities Inc. provided a fairness opinion to the board of directors of the Corporation in connection with the entering into of the Binding LOIs, the Temex LOI and the Binding Osisko Term Sheet. As of the date of the fairness opinion, Cormark Securities Inc. (including employee holdings) owned 1,150,306 Common Shares.

### **ADDITIONAL INFORMATION**

Additional information, including directors' and officers' remuneration and indebtedness, principal holders of the Corporation's securities and securities authorized for issuance under equity compensation plans, as applicable, is contained in the Corporation's management information circular dated May 14, 2015 filed under the Corporation's issuer profile on SEDAR at [www.sedar.com](http://www.sedar.com). Additional financial information is provided in the Corporation's financial statements and management's discussion and analysis for the Corporation's most recently completed financial year. Additional information relating to the Corporation may also be found under the Corporation's issuer profile on SEDAR at [www.sedar.com](http://www.sedar.com).

## SCHEDULE "A"

### AUDIT COMMITTEE CHARTER

#### MANDATE

The Audit Committee ("**Committee**") is a committee of the Board of Directors ("**the Board**") Its primary function shall be to assist the Board in fulfilling its oversight responsibilities with respect to financial reporting and disclosure requirements, the overall maintenance of the systems of internal controls that management has established and the overall responsibility for the Corporation's external and internal audit processes. The Committee's primary duties and responsibilities are to:

- (a) conduct such reviews and discussions with management and the external auditors, relating to the audit and financial reporting, as are deemed appropriate by the Committee;
- (b) assess the integrity of internal controls and financial reporting procedures of the Corporation and ensure implementation of such controls and procedures;
- (c) review the quarterly and annual financial statements and management's discussion and analysis of the Corporation's financial position and operating results and in the case of the annual financial statements and related management's discussion and analysis, report thereon to the Board for approval of same;
- (d) select and monitor the independence and performance of the Corporation's external auditors, including attending at private meetings with the external auditors and reviewing and approving all renewals or dismissals of the external auditors and their remuneration; and
- (e) provide oversight of all disclosure relating to, and information derived from, financial statements, management's discussion and analysis and information.

The Committee shall have the power to conduct or authorize investigations appropriate to its responsibilities, and it may request the external auditors, as well as any officer or employee of the Corporation, its external legal counsel or external auditor to attend a meeting of the Committee or to meet with any member(s) or advisors of the Committee.

The Committee shall have unrestricted access to the books and records of the Corporation and has the authority to retain, at the expense of the Corporation, special legal, accounting, or other consultants or experts to assist in the performance of the Committee's duties.

The Committee shall be accountable to the Board. In the course of fulfilling its specific responsibilities hereunder, the Committee shall maintain an open communication between the Corporation's outside auditor and the Board. The responsibilities of a member of the Committee shall be in addition to such member's duties as a member of the Board.

The Committee has the duty to determine whether the Corporation's financial disclosures are complete, accurate, are in accordance with international financial reporting standards ("IFRS") and fairly present the financial position and risks of the organization. The Committee should, where it deems appropriate, resolve disagreements, if any, between management and the external auditor, and review compliance with laws and regulations and the Corporation's own policies.

The Committee will provide the Board with such recommendations and reports with respect to the financial disclosures of the Corporation, as it deems advisable.

The Committee shall review and assess the adequacy of this Charter annually and submit any proposed revisions to the Board for approval.

In fulfilling its responsibilities, the Committee will carry out the specific duties set out in Part 4 of this Charter.

### **AUTHORITY OF THE AUDIT COMMITTEE**

The Committee shall have the authority to:

- (a) engage independent counsel and other advisors as it determines necessary to carry out its duties;
- (b) set and pay the compensation for advisors employed by the Committee; and
- (c) communicate directly with the internal and external auditors.

### **MEMBERSHIP AND COMPOSITION**

The Committee and its membership shall meet all applicable legal, regulatory and listing requirements, including, without limitation, those of the Ontario Securities Commission, the Toronto Stock Exchange, the *Business Corporations Act* (Ontario) and all applicable securities regulatory authorities.

- (a) The Committee shall be composed of three or more directors as shall be designated by the Board from time to time. Unless a Chair is elected by the Board, the members of the Committee shall designate from amongst themselves, by majority vote of the full Committee, a member who shall serve as Chair. The position description and responsibilities of the Chair are set out in Schedule "A" attached hereto.
- (b) Each member of the Committee shall be "independent" and "financially literate", concept as otherwise permitted under the limited exceptions under National Instrument 52-110 – *Audit Committees*. An "independent" director is a director who has no direct or indirect material relationship with the Corporation. A "material relationship" is a relationship which, in the view of the Board, could be reasonably expected to interfere with the exercise of the director's independent judgement, or a relationship deemed to be a material relationship pursuant to Sections 1.4 and 1.5 of National Instrument 52-110 — *Audit Committees*, as set out in Schedule "B" hereto. A "financially literate" director is a director who has the ability to read and

understand a set of financial statements that present a breadth and level of complexity of accounting issues that are generally comparable to the breadth and complexity of the accounting issues that can be reasonably expected to be raised in the Corporation's financial statements.

- (c) Each member of the Committee shall sit at the pleasure of the Board, and in any event, only so long as he or she shall be independent. The Committee shall report to the Board.
- (d) he Committee shall meet at least quarterly, at the discretion of the Chair or a majority of its members, as circumstances dictate or as may be required by applicable legal or listing requirements. At least 50% of the members of the Committee present, either in person or by telephone, shall constitute a quorum.
- (e) If within one hour of the time appointed for a meeting of the Committee, a quorum is not present, the meeting shall stand adjourned to the same hour on the next business day following the date of such meeting at the same place. If at the adjourned meeting a quorum as hereinbefore specified is not present within one hour of the time appointed for such adjourned meeting, such meeting shall stand adjourned to the same hour on the second business day following the date of such meeting at the same place. If at the second adjourned meeting a quorum as hereinbefore specified is not present, the quorum for the adjourned meeting shall consist of the members then present (a "**Reduced Quorum**").
- (f) If, and whenever a vacancy shall exist, the remaining members of the Committee may exercise all of its powers and responsibilities so long as a quorum remains in office or, if applicable, a Reduced Quorum is present in respect of a specific Committee meeting.
- (g) The time and place at which meetings of the Committee shall be held, and procedures at such meetings, shall be determined from time to time by the Committee. A meeting of the Committee may be called by letter, telephone, facsimile, email or other communication equipment, by giving at least 48 hours' notice, provided that no notice of a meeting shall be necessary if all of the members are present either in person or by means of conference telephone, or if those absent have waived notice or otherwise signified their consent to the holding of such meeting.
- (h) Any member of the Committee may participate in the meeting of the Committee by means of conference telephone or other communication equipment, and the member participating in a meeting pursuant to this paragraph shall be deemed, for purposes hereof, to be present in person at the meeting.
- (i) The Committee shall keep minutes of its meetings, which shall be submitted to the Board. The Committee may, from time to time, appoint any person who need not be a member, to act as a secretary at any meeting.



- (j) Any director of the Corporation may attend meetings of the Committee, and the Committee may invite such officers and employees of the Corporation and its subsidiaries as the Committee may see fit, from time to time, to attend at meetings of the Committee.
- (k) Any matters to be determined by the Committee shall be decided by a majority of votes cast at a meeting of the Committee called for such purpose. Actions of the Committee may be taken by an instrument or instruments in writing signed by all of the members of the Committee, and such actions shall be effective as though they had been decided by a majority of votes cast at a meeting of the Committee called for such purpose. The Committee shall report its determinations to the Board at the next scheduled meeting of the Board, or earlier as the Committee deems necessary. All decisions or recommendations of the Committee shall require the approval of the Board prior to implementation, other than those relating to non-audit services and annual audit fees, which do not require the approval of the Board.
- (l) The Committee members will be elected annually at the first meeting of the Board following the annual general meeting of shareholders.
- (m) The Board may at any time amend or rescind any of the provisions hereof, or cancel them entirely, with or without substitution.

## **RESPONSIBILITIES**

### **(a) Financial Accounting and Reporting Process and Internal Controls**

- (i) The Committee shall review the annual audited and interim financial statements and related management's discussion and analysis before the Corporation publicly discloses this information to satisfy itself that the financial statements are presented in accordance with applicable accounting principles and, in the case of the annual audited financial statements and related management's discussion and analysis, report thereon and recommend to the Board whether or not same should be approved prior to their being filed with the appropriate regulatory authorities. With respect to the annual audited financial statements, the Committee shall discuss significant issues regarding accounting principles, practices, and judgments of management with management and the external auditors as and when the Committee deems it appropriate to do so. The Committee shall consider whether the Corporation's financial disclosures are complete, accurate, prepared in accordance with International Financial Reporting Standards and fairly present the financial position of the Corporation. The Committee shall also satisfy itself that, in the case of the annual financial statements, the audit function has been effectively carried out by the auditors and, in the case of the interim financial statements that the review function has been effectively carried out.
- (ii) The Committee shall ensure internal control procedures are reviewed at least twice annually.

- (iii) The Committee shall be satisfied that adequate procedures are in place for the review of the Corporation's public disclosure of financial information extracted or derived from the Corporation's financial statements, management's discussion and analysis and annual and interim earnings press releases, and periodically assess the adequacy of these procedures in consultation with any disclosure committee of the Corporation.
- (iv) The Committee shall review any press releases containing disclosure regarding financial information that are required to be reviewed by the Committee under any applicable laws or otherwise pursuant to the policies of the Corporation (including before the Corporation publicly discloses this information).
- (v) The Committee shall meet no less than annually with the external auditors and the Chief Financial Officer (the "CFO") or, in the absence of a CFO, with the officer of the Corporation in charge of financial matters, to review accounting practices, internal controls and such other matters as the Committee, CFO or, in the absence of a CFO, the officer of the Corporation in charge of financial matters, deem appropriate.
- (vi) The Committee shall inquire of management and the external auditors about significant financial and internal control risks or exposures and assess the steps management has taken to minimize such risks.
- (vii) The Committee shall review the post-audit or management letter, if any, containing the recommendations of the external auditors and management's response and subsequent follow-up to any identified weaknesses.
- (viii) The Committee shall periodically review and make recommendations regarding the Code of Business Conduct and Ethics adopted by the Board.
- (ix) The Committee shall follow procedures established as set out in the Whistleblower Policy of the Corporation, for:
  - the receipt, retention, and treatment of complaints received by the Corporation regarding accounting, internal accounting controls, auditing matters or violations to the Corporation's Code of Business Conduct and Ethics; and
  - the submission by employees, consultants, contractors, directors or officers of the Corporation, on a confidential and anonymous basis, of concerns regarding questionable accounting, auditing matters or violations to the Corporation's Code of Business Conduct and Ethics.
- (x) The Committee shall ensure that management establishes and maintains an appropriate budget process, which shall include the preparation and delivery of periodic reports from the CFO to the Committee comparing actual spending to the budget. The budget shall include assumptions regarding economic parameters that are well supported and shall take into account the risks facing the Corporation.

- (xi) The Committee shall have the authority to adopt such policies and procedures as it deems appropriate to operate effectively.

**(b) Independent Auditors**

- (i) The Committee shall recommend to the Board the external auditors to be nominated for the purpose of preparing or issuing an auditors' report or performing other audit, review or attest services for the Corporation, shall set the compensation for the external auditors, provide oversight of the external auditors and shall ensure that the external auditors report directly to the Committee.
- (ii) The Committee shall ensure that procedures are in place to assess the audit activities of the independent auditors and the internal audit functions.
- (iii) The pre-approval of the Committee shall be required as further set out in Schedule "C" prior to the undertaking of any non-audit services not prohibited by law to be provided by the external auditors in accordance with this Charter.
- (iv) The Committee shall monitor and assess the relationship between management and the external auditors and monitor, support and assure the independence and objectivity of the external auditors and attempt to resolve disagreements between management and the external auditors regarding financial reporting.
- (v) The Committee shall review the external auditors' audit plan, including the scope, procedures and timing of the audit.
- (vi) The Committee shall review the results of the annual audit with the external auditors, including matters related to the conduct of the audit.
- (vii) The Committee shall obtain timely reports from the external auditors describing: critical accounting policies and practices, alternative treatments of information within International Financial Reporting Standards that were discussed with management, their ramifications, and the external auditors' preferred treatment and material written communications between the Corporation and the external auditors.
- (viii) The Committee shall review fees paid by the Corporation to the external auditors and other professionals in respect of audit and non-audit services on an annual basis.
- (ix) The Committee shall review and approve the Corporation's hiring policies regarding partners, employees and former partners and employees of the present and former auditors of the Corporation.
- (x) The Committee shall have the authority to engage the external auditors to perform a review of the interim financial statements.

**(c) Other Responsibilities**

The Committee shall perform any other activities consistent with this Charter and governing law, as the Committee or the Board deems necessary or appropriate.

As of March 15, 2016.

## **Schedule "A"**

### **OBAN MINING CORPORATION POSITION DESCRIPTION FOR THE CHAIRMAN OF THE AUDIT COMMITTEE**

#### **PURPOSE**

The Chairman of the Committee shall be an independent director who is elected by the Board or designated by majority vote of the Committee to act as the leader of the Committee in assisting the Board in fulfilling its financial reporting and control responsibilities to the shareholders of the Corporation.

#### **WHO MAY BE CHAIRMAN**

The Chairman will be selected from amongst the independent directors of the Corporation who have a sufficient level of financial sophistication and experience in dealing with financial issues to ensure the leadership and effectiveness of the Committee. The Chairman will be selected annually at the first meeting of the Board following the annual general meeting of shareholders, or designated by majority vote of the Committee.

#### **RESPONSIBILITIES**

The following are the primary responsibilities of the Chairman:

- (a) chair all meetings of the Committee in a manner that promotes meaningful discussion;
- (b) ensure adherence to the Committee's Charter and that the adequacy of the Committee's Charter is reviewed annually;
- (c) provide leadership to the Committee to enhance the Committee's effectiveness, including:
  - (i) act as liaison and maintain communication with the Board to optimize and co-ordinate input from directors, and to optimize the effectiveness of the Committee. This includes ensuring that Committee materials are available to any director upon request, and reporting to the Board on all decisions of the Committee at the first meeting of the Board after each Committee meeting and at such other times and in such manner as the Committee considers advisable;
  - (ii) ensure that the Committee works as a cohesive team with open communication, as well as to ensure open lines of communication among the independent auditors, financial and senior management and the Board for financial and control matters;
  - (iii) ensure that the resources available to the Committee are adequate to support its work and to resolve issues in a timely manner;

- (iv) ensure that the Committee serves as an independent and objective party to monitor the Corporation's financial reporting process and internal control systems, as well as to monitor the relationship between the Corporation and the independent auditors to ensure independence;
  - (v) ensure that procedures as determined by the Committee are in place to assess the audit activities of the independent auditors and the internal audit functions; and
  - (vi) ensure that procedures as determined by the Committee are in place to review the Corporation's public disclosure of financial information and assess the adequacy of such procedures periodically, in consultation with any disclosure committee of the Corporation;
- (d) ensure that procedures as determined by the Committee are in place for dealing with complaints received by the Corporation regarding accounting, internal controls and auditing matters, and for employees to submit confidential anonymous concerns;
- (e) manage the Committee, including:
- (i) adopt procedures to ensure that the Committee can conduct its work effectively and efficiently, including committee structure and composition, scheduling, and management of meetings;
  - (ii) prepare the agenda of the Committee meetings and ensuring pre-meeting material is distributed in a timely manner and is appropriate in terms of relevance, efficient format and detail;
  - (iii) ensure meetings are appropriate in terms of frequency, length and content;
  - (iv) obtain a report from the independent auditors on an annual basis, review the report with the Committee and arranging meetings with the auditors and financial management to review the scope of the proposed audit for the current year, its staffing, and the audit procedures to be used;
  - (v) oversee the Committee's participation in the Corporation's accounting and financial reporting process and the audits of its financial statements;
  - (vi) ensure that the auditor's report directly to the Committee, as representatives of the Corporation's shareholders; and
  - (vii) annually review with the Committee its own performance, report annually to the Board on the role of the Committee and the effectiveness of the Committee in contributing to the effectiveness of the Board; and

- (viii) together with the Board, oversee the structure, composition and membership of, and activities delegated to, the Committee from time to time; and
- (f) perform such other duties as may be delegated from time to time to the Chairman by the Board.

## Schedule "B"

### OBAN MINING CORPORATION NATIONAL INSTRUMENT 52-110 AUDIT COMMITTEES ("NI 52-110")

#### Section 1.4 — Meaning of Independence

1. An audit committee member is independent if he or she has no direct or indirect material relationship with the issuer.
2. For the purposes of subsection (1), a "material relationship" is a relationship, which could, in the view of the issuer's board of directors, be reasonably expected to interfere with the exercise of a member's independent judgment.
3. Despite subsection (2), the following individuals are considered to have a material relationship with an issuer:
  - (a) an individual who is, or has been within the last three years, an employee or executive officer of the issuer;
  - (b) an individual whose immediate family member is, or has been within the last three years, an executive officer of the issuer;
  - (c) an individual who:
    - (i) is a partner of a firm that is the issuer's internal or external auditor,
    - (ii) is an employee of that firm, or
    - (iii) was within the last three years a partner or employee of that firm and personally worked on the issuer's audit within that time;
  - (d) an individual whose spouse, minor child or stepchild, or child or stepchild who shares a home with the individual:
    - (i) is a partner of a firm that is the issuer's internal or external auditor,
    - (ii) is an employee of that firm and participates in its audit, assurance or tax compliance (but not tax planning) practice, or
    - (iii) was within the last three years a partner or employee of that firm and personally worked on the issuer's audit within that time;
  - (e) an individual who, or whose immediate family member, is or has been within the last three years, an executive officer of an entity if any of the issuer's current executive officers serves or served at that same time on the entity's compensation committee; and



- (f) an individual who received, or whose immediate family member who is employed as an executive officer of the issuer received, more than \$75,000 in direct compensation from the issuer during any 12 month period within the last three years.
4. Despite subsection (3), an individual will not be considered to have a material relationship with the issuer solely because:
    - (a) he or she had a relationship identified in subsection (3) if that relationship ended before March 30, 2004; or
    - (b) he or she had a relationship identified in subsection (3) by virtue of subsection (8) if that relationship ended before June 30, 2005.
  5. For the purposes of clauses (3)(c) and (3)(d), a partner does not include a fixed income partner whose interest in the firm that is the internal or external auditor is limited to the receipt of fixed amounts of compensation (including deferred compensation) for prior service with that firm if the compensation is not contingent in any way on continued service.
  6. For the purposes of clause (3)(f), direct compensation does not include:
    - (a) remuneration for acting as a member of the board of directors or of any board committee of the issuer, and
    - (b) the receipt of fixed amounts of compensation under a retirement plan (including deferred compensation) for prior service with the issuer if the compensation is not contingent in any way on continued service.
  7. Despite subsection (3), an individual will not be considered to have a material relationship with the issuer solely because the individual or his or her immediate family member
    - (a) has previously acted as an interim chief executive officer of the issuer, or
    - (b) acts, or has previously acted, as a chair or vice-chair of the board of directors or of any board committee of the issuer on a part-time basis.
  8. For the purpose of section 1.4, an issuer includes a subsidiary entity of the issuer and a parent of the issuer.

### **Section 1.5 — Additional Independence Requirements for Audit Committee Members**

1. Despite any determination made under section 1.4 of NI 52-110, an individual who
  - (a) accepts, directly or indirectly, any consulting, advisory or other compensatory fee from the issuer or any subsidiary entity of the issuer, other than as remuneration for acting in his or her capacity as a member of the board of directors or any board

committee, or as a part-time chair or vice-chair of the board or any board committee; or

- (b) is an affiliated entity of the issuer or any of its subsidiary entities, is considered to have a material relationship with the issuer.
2. For the purposes of subsection (1), the indirect acceptance by an individual of any consulting, advisory or other compensatory fee includes acceptance of a fee by
- (a) an individual's spouse, minor child or stepchild, or a child or stepchild who shares the individual's home; or
  - (b) an entity in which such individual is a partner, member, an officer such as a managing director occupying a comparable position or executive officer, or occupies a similar position (except limited partners, non-managing members and those occupying similar positions who, in each case, have no active role in providing services to the entity) and which provides accounting, consulting, legal, investment banking or financial advisory services to the issuer or any subsidiary entity of the issuer.
3. For the purposes of subsection (1), compensatory fees do not include the receipt of fixed amounts of compensation under a retirement plan (including deferred compensation) for prior service with the issuer if the compensation is not contingent in any way on continued service.

## Schedule "C"

### OBAN MINING CORPORATION WHISTLE BLOWER POLICY PURPOSE OF THIS POLICY

#### INTRODUCTION

Oban Mining Corporation (the "**Corporation**") is committed to maintaining the highest standards of business conduct and ethics, as well as full compliance with all applicable government laws, rules and regulations, corporate reporting and disclosure, accounting practices, accounting controls, auditing practices and other matters relating to fraud against shareholders (collectively "**Accounting Concerns**").

Pursuant to its charter, the Audit Committee (the "**Committee**") of the Board of Directors of the Corporation is responsible for ensuring that a confidential and anonymous process exists whereby persons can report any Accounting Concerns relating to the Corporation and any subsidiaries. In order to carry out its responsibilities under its charter, the Committee has adopted this Whistleblower Policy (the "**Policy**").

For the purposes of this Policy, "Accounting Concerns" is intended to be broad and comprehensive and to include any matter, which in the view of the complainant, is illegal, unethical, contrary to the policies of the Corporation or in some other manner not right or proper.

The purpose of this policy is to establish procedures for:

- (a) the receipt, retention, and treatment of complaints received by the Corporation regarding accounting, internal accounting controls, auditing matters or violations to the Corporation's Code of Business Conduct and Ethics, any other policy, charter or mandate of the Corporation, or applicable laws, rules and regulations; and
- (b) the submission by employees, consultants, contractors, directors or officers of the Corporation (each, a "**Protected Party**"), on a confidential and anonymous basis, of concerns regarding questionable accounting, auditing matters or violations to the Corporation's Code of Business Conduct and Ethics, any other policy, charter or mandate of the Corporation, or applicable laws, rules and regulations.

The purpose of this policy is also to state clearly and unequivocally that the Corporation prohibits discrimination, harassment and/or retaliation against any person who (i) reports complaints to the Audit Committee regarding accounting, internal controls, auditing matters or violations of the Code of Business Conduct and Ethics or (ii) provides information or otherwise assists in an investigation or proceeding regarding any conduct that he or she reasonably believes to be a violation of employment or labour laws; securities laws (including the rules or regulations of the Ontario Securities Commission, securities regulatory authorities in other provinces of Canada and the Toronto Stock Exchange), laws regarding fraud or the commission or possible commission of a criminal offence. Everyone at the Corporation is responsible for ensuring that the workplace is free from all forms of discrimination, harassment and retaliation prohibited by this policy. No Protected Party has the authority to engage in any conduct prohibited by this policy.

This policy protects:

- (i) any Protected Party who legitimately and in good faith discloses an alleged violation of employment or labour laws, securities laws, laws regarding fraud or the Criminal Code of Canada or applicable criminal code in a local jurisdiction by any person with supervisory authority over the Protected Party, or any other person working for the Corporation who has the authority to investigate, discover or terminate conduct prohibited by this Policy;
- (ii) any Protected Party who legitimately and in good faith files, causes to be filed, testifies, participates in, or otherwise assists in a proceeding filed under employment or labour laws, securities laws or laws regarding fraud;
- (iii) any Protected Party who legitimately and in good faith provides information, causes information to be provided, or otherwise assists in an investigation, regarding any conduct that the Protected Party reasonably believes constitutes fraud when the information or assistance is provided to or the investigation is conducted by law enforcement, regulatory authorities, a legislature, or the Corporation; or
- (iv) any Protected Party who in good faith submits any complaint to the Audit Committee regarding financial statements disclosures, accounting, internal accounting controls, auditing matters or violations to the Corporation's Code of Business Conduct and Ethics, any other policy, charter or mandate of the Corporation, applicable laws, rules and regulations, discrimination, harassment or retaliation in accordance with the procedures set out herein.

If a Protected Party legitimately and in good faith makes a complaint regarding any of the activities listed above, the Corporation will not discharge, demote, suspend, threaten, harass or otherwise discriminate or retaliate against him or her in the terms or conditions of employment or provision of services because of that activity. However, since such allegation of impropriety may result in serious personal repercussions for the target person or entity, the Protected Party making the allegation of impropriety should have reasonable and probable grounds before reporting such impropriety and should undertake such reporting in good faith, for the best interests of the Corporation and not for personal gain or motivation.

## **COMPLAINT PROCEDURES**

- (a) Any Protected Party who legitimately and in good faith believes that he or she may have been the subject of prohibited discrimination, harassment and/or retaliation or is aware of any conduct that may be prohibited by this policy is strongly encouraged to report such belief to the Chairman of the Audit Committee. Any Protected Party who receives such a complaint or witnesses any conduct that he or she legitimately and in good faith believes may be prohibited by this policy must immediately notify his or her supervisor and/or the Chairman of the Audit Committee of the Corporation. Such concerns and/or complaints may be communicated anonymously if desired.

- (b) Upon receiving a complaint, the Audit Committee will promptly conduct a thorough investigation. The Audit Committee shall notify the Board of Directors and the Chief Executive Officer of such investigations. It is the obligation of all Protected Parties to cooperate in such investigation. Those responsible for the investigation will maintain the confidentiality of the allegations of the complaint and the identity of the persons involved, subject to the need to conduct a full and impartial investigation, remedy any violations of the Corporation's policies, or monitor compliance with or administer the Corporation's policies.
- (c) The investigation will generally include, but will not be limited to, discussion with the complainant (unless the complaint was submitted on an anonymous basis), the party against whom allegations have been made, and witnesses, as deemed appropriate.
- (d) In the event an investigation establishes that a person has engaged in conduct or actions constituting a violation of the Corporation's Code of Business Conduct and Ethics, any other policy, charter or mandate of the Corporation, applicable laws, rules or regulations; discrimination; harassment and/or retaliation in violation of this policy, the Corporation will take immediate and appropriate corrective action up to and including termination of the person's employment, provision of services, position as an officer of the Corporation, or in the case of a director, a request for the director's resignation.
- (e) In the event that the investigation reveals that the complaint was frivolously made, or undertaken for improper motives, made in bad faith or without a reasonable and probable basis, the complainant's supervisor will take whatever disciplinary action may be appropriate in the circumstances.

## **AUDIT COMMITTEE PROCEDURES**

The Audit Committee has adopted the following procedures:

- (b) Management of the Corporation shall promptly forward to the Audit Committee any complaints that it has received regarding financial statement disclosures, accounting, internal accounting controls or auditing matters.
- (c) Any Protected Party may submit, on a confidential or anonymous basis if the Protected Party so desires, any concerns regarding financial statement disclosures, accounting, internal accounting controls, auditing matters or violations of the Corporation's Code of Business Conduct and Ethics, any other policy, charter or mandate of the Corporation, applicable laws, rules and regulations, discrimination, harassment or retaliation. All such concerns shall be set forth in writing and forwarded in a sealed envelope to the Chairman of the Audit Committee labeled with a legend such as "To be opened by the Audit Committee only, being submitted pursuant to the Whistleblower Policy adopted by the Corporation." If a Protected Party would like to discuss any matter with the Audit Committee, the Protected Party should indicate this in the submission and include a telephone number at

which he or she might be contacted if the Audit Committee deems it appropriate. If management receives any such envelope, it shall be forwarded promptly and unopened to the Chairman of the Audit Committee. The Chairman of the Audit Committee can be reached as follows:

**PRIVATE AND CONFIDENTIAL**

**Attn: Mr. Keith McKay, Chairman of the Audit Committee, Oban Mining Corporation  
155 Wellington Street West, Suite 2920  
Toronto, ON M5V 3H1**

- (d) Following the receipt of any complaints submitted hereunder, the Audit Committee will investigate each matter so reported and take corrective and disciplinary actions where appropriate, which may include, alone or in combination, a warning or letter of reprimand, demotion, loss of merit increase, bonus or stock options, suspension without pay or termination of employment. The Audit Committee shall notify the Board of Directors and the Chief Executive Officer of such investigations.
- (e) During investigations, the Audit Committee shall endeavor to act in a prudent and reasonable manner, with minimal disruption to the business and affairs of the Corporation and with sensitivity to the personal circumstances of the individual being investigated.
- (f) In circumstances of impropriety alleged against the Board of Directors, as a whole or any member thereof, the Chief Executive Officer shall be responsible to investigate such allegations and the Chief Executive Officer shall report his or her findings to the Board of Directors.
- (g) The Audit Committee may enlist employees of the Corporation and/or outside legal, accounting or other advisors, as appropriate, to conduct any investigation or address complaints regarding financial statement disclosures, accounting, internal accounting controls, auditing matters or violations of the Corporation's Code of Business Conduct and Ethics, any other policy, charter or mandate of the Corporation, applicable laws, rules and regulations, discrimination, harassment or retaliation. In conducting any investigation, the Audit Committee shall use reasonable efforts to protect the confidentiality and anonymity of the complainant.
- (h) The Audit Committee shall retain as a part of the records of the Audit Committee any such complaints or concerns for a period of no less than seven (7) years.
- (i) The Audit Committee will review and evaluate this Policy periodically to determine whether the Policy is effective in providing appropriate procedures to report violations or complaints regarding accounting standards, the Corporation's Code of Business Conduct & Ethics, any other policy, charter or mandate of the Corporation, applicable laws, rules and regulations, discrimination, harassment or retaliation. The Audit Committee will submit recommended changes to the Board of Directors for approval.

## **Schedule "D"**

### OBAN MINING CORPORATION PROCEDURES FOR APPROVAL OF NON-AUDIT SERVICES

1. The Corporation's external auditors shall be prohibited from performing for the Corporation the following categories of non-audit services:
  - (a) bookkeeping or other services related to the Corporation's accounting records or financial statements;
  - (b) appraisal or valuation services, fairness opinions or contributions-in-kind reports;
  - (c) actuarial services;
  - (d) internal audit outsourcing services;
  - (e) management functions;
  - (f) human resources;
  - (g) broker or dealer, investment adviser or investment banking services;
  - (h) legal services; and
  - (i) any other service that the Canadian Public Accountability Board or International Accounting Standards Board or other analogous board which may govern the Corporation's accounting standards, from time to time determines is impermissible.
  
2. In the event that the Corporation wishes to retain the services of the Corporation's external auditors for tax compliance, tax advice or tax planning, the Chief Financial Officer of the Corporation shall consult with the Chair of the Committee, who shall have the authority, subject to confirmation that such services will not compromise the independence of the Corporation's external auditors, to approve or disapprove on behalf of the Committee, such non-audit services. All other non-audit services shall be approved or disapproved by the Committee as a whole.
  
3. The Chief Financial Officer of the Corporation shall maintain a record of non-audit services approved by the Chair of the Committee or the Committee for each fiscal year and provide a report to the Committee no less frequently than on a quarterly basis.