

# Eagle Hill Exploration Corp. Second Quarter Financial Results

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[Eagle Hill Exploration Corp.](#) (TSX VENTURE: EAG) ("Eagle Hill" or the "Company") has released the results of its second quarter ended April 30, 2015. Details of the Company's financial results are described in the unaudited condensed interim financial statements and Management's Discussion and Analysis ("MD&A"), which are available on the Company's website at [www.eaglehillexploration.com](http://www.eaglehillexploration.com) and on SEDAR at [www.sedar.com](http://www.sedar.com). All amounts are in Canadian dollars unless otherwise stated.

## FINANCIAL SNAPSHOT

	April 30, 2015	October 31, 2014	October 31, 2013
	\$	\$	\$
Revenue	nil	nil	nil
General and administrative expenses	(573,453)	(2,468,203)	(3,552,024)
Net loss	(258,290)	(2,826,640)	(3,556,294)
Comprehensive loss for the year	(258,290)	(2,826,640)	(3,556,294)
Basic and diluted net loss per common share	(0.01)	(0.13)	(0.31)
Total current assets	710,202	1,940,945	4,720,581
Total exploration and evaluation assets	35,835,609	34,925,658	27,314,497
Total assets	37,191,350	37,521,513	32,201,645
Total liabilities	4,202,493	4,408,897	4,654,235
Total shareholders' equity	32,988,857	33,112,616	27,547,410

At the date of the MD&A, the Company had working capital of approximately \$360,000.

## RECENT DEVELOPMENTS

On April 28, 2015, the Company announced the results of a PEA for the Windfall Lake Property. The PEA outlines the design of a 1,200 tonne per day ("tpd") underground mine producing 106,200 ounces of payable gold annually for 7.8 years at an average total cash cost of \$558/oz of gold (US\$480/oz) (total cash costs comprise operating cash cost plus royalties plus refining plus transport). At the base case gold price of US\$1,200/oz the project has a pre-tax internal rate of return ("IRR") of 23.6% and a pre-tax net present value discounted at 5% ("NPV5") of \$241.4million (post-tax 17.2% and \$135.2 million). At a gold price of US\$1,320/oz the pre-tax IRR and NPV5 increase to 29.1% and \$325.9 million, respectively (post-tax 21.1% and \$183.5 million) and at a gold price of US\$1,440/oz the pre-tax IRR and NPV5 increase to 34.4% and \$410.5 million, respectively (post-tax 24.8% and \$230.1 million). Initial project capital costs are estimated at \$240.6 million. Project economics are most sensitive to the exchange rate and gold price and least sensitive to operating costs. The 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. Mineral resources that are not mineral reserves do not have demonstrated economic viability. There is no certainty the results of the PEA will be realized.

Subsequent to April 30, 2015, the Company announced its intention to cancel an aggregate of 1,064,250 stock options previously granted from 2011 to 2014 to directors, officers, employees and consultants of the Company.

Following the cancellation of options and pursuant to its stock option plan, the Company granted stock options to directors, officers, employees and consultants of the Company to purchase up to an aggregate of 2,283,500 common shares of the Company. The stock options are exercisable for a five-year period at a price of \$0.31 per share. A total of 858,000 of the options which were granted to insiders of the Company were subject to disinterested shareholder approval and could not be exercised until such approval had been obtained. At the Company's Annual General Meeting on June 26, 2015, the grant of options received disinterested shareholder approval.

Subsequent to April 30, 2015, the Company's Board of Directors approved accelerated vesting of the

approved stock options, and 1,425,500 of these stock options were exercised for the issuance of common shares in the share capital of the Company.

On June 9, 2015, the Company announced its support for a transaction whereby [Oban Mining Corp.](#) (TSX: OBM) ("Oban") will launch share exchange take-over bids for Eagle Hill, [Temex Resources Corp.](#) (TSXV: TME), [Ryan Gold Corp.](#) (TSXV: RYG) and [Corona Gold Corp.](#) (CSNX: CRG) (the "Offer") to create a leading Canadian focused gold exploration and development company ("New Oban"). Oban has the option to revise the structure of the Offer and to proceed by way of plan of arrangement should it conclude that is necessary or desirable. Oban has agreed to offer Eagle Hill shareholders 10.0 Oban Shares in exchange for each common share of Eagle Hill. The Offer will provide Eagle Hill shareholders with a premium of 258% to the 15-day volume weighted average price of Eagle Hill on the TSX-V ending on June 8, 2015. Additionally, each shareholder of Eagle Hill will receive five common share purchase warrants of Oban (each a "Warrant") per common share of Eagle Hill. Each Warrant will entitle the holder thereof to purchase one Oban share at a price of \$0.15 per Oban share, for a period of 36 months following the closing date. Oban will make an application to the Toronto Stock Exchange ("TSX") to list the Warrants. Pursuant to the transaction, existing Eagle Hill warrants will become exercisable into common shares of New Oban.

Oban has committed to launching the take-over bids no later than July 21, 2015, with the expectation that closing of the transaction will occur in early August 2015. Completion of the transactions is subject to Oban obtaining shareholder and TSX approval and each of the other companies obtaining shareholder approval. Shareholders of Eagle Hill representing 57% of the common shares of Eagle Hill have entered into lock-up agreements with Oban in support of the transaction.

In addition, Oban has agreed, subject to TSX approval, to complete a private placement (the "Private Placement") with [Osisko Gold Royalties Ltd.](#) (TSX: OR) ("Osisko") whereby Osisko will invest up to \$20 million in common shares in the capital of Oban ("Oban Shares") at a price of \$0.11 per Oban Share (the deemed net asset value per share value of Oban), provided that such investment shall not be for more than 19.9% of the issued and outstanding common shares of New Oban.

New Oban will bring together major exploration assets in Ontario and Quebec under experienced management in a well-capitalized vehicle, with over \$65 million in cash and a significant global gold resource. Dundee Corporation and Osisko will be key shareholders in New Oban, by virtue of their respective existing holdings in four of the five companies involved in the combination and Osisko's new investment.

## **WINDFALL LAKE GOLD PROJEC**

The Windfall Lake property covers approximately 12,400 hectares in the prolific Abitibi Greenstone Belt in Quebec, Canada. A Preliminary Economic Assessment Study for the project is underway, with results expected shortly.

The Company increased its ownership and significantly consolidated the property in 2013 and 2014 by entering into a series of purchase and option agreements, and now owns 100% of the property, subject to some residual NSRs as described in the MD&A and Financial Statements. Prior to Eagle Hill acquiring the property, more than \$25 million was spent by previous owners on data collection, sampling and drilling, with the majority of expenditures focused on expanding known gold zones at the Windfall Lake Property. The acquisition came with over 71 kilometers of drill core, surface samples, geophysics data, a 58-person camp, a core logging and splitting shack, and a 1,450-metre-long, 5-metre by 5-metre underground ramp (vertical depth 100 metres). The property was logged in the 1990s and is accessible year-round by gravel logging roads.

A total of 729 holes (including six wedges and fourteen extensions) have been drilled at the property for a total of 195,818 metres. Drill holes in the gold zones demonstrate good grade distribution along the entire mineralized interval. High-grade mineralization has been identified in multiple zones, yet only a small portion of the 12,400 hectare property has been tested to date. The deposit is well defined from surface to a depth of 500 metres, and remains open along strike and at depth. Mineralization has been identified only 30 metres from surface in some areas and as deep as 870 metres in others, with significant potential to extend mineralization up and down-plunge and at depth. All drill results have been press released and are available on SEDAR at [www.sedar.com](http://www.sedar.com) and on the Company's website at [www.eaglehillexploration.com](http://www.eaglehillexploration.com).

Eagle Hill and the PEA consultants have identified a number of opportunities to optimize the Windfall Lake project, including the possibility of reducing operating costs by bringing hydro power to site, improving project

economics by incorporating silver credits, and the potential to both expand and upgrade the resource with additional drilling. Expanding and upgrading the existing is a primary objective, best achieved by drilling at depth below Red Dog and drilling to the west of the main zone. In addition, systematic surface exploration across the whole property has good probability of defining new drill targets and potentially expanding the resource.

In light of the proposed transaction with Oban Mining, Temex Resources, Ryan Gold and Corona Gold, planned exploration programs have been suspended pending a reassessment of the program to identify activities that will most quickly advance the project to feasibility.

## COMPARATIVE QUARTERLY RESULTS

The following table sets out selected financial information for the most recent eight fiscal quarters.

	April 30, 2015 \$	Fiscal 2015 January 31, 2015 \$	October 31, 2014 \$	Fiscal Ju
Total assets	37,191,350	37,347,794	37,521,513	37,69
Long-term liabilities	(4,001,586)	(4,379,715)	(3,926,504)	(3,70
General and administrative expenses	(271,856)	(301,597)	(396,607)	(53
Net loss	(16,368)	(241,922)	(1,163,567)	(54
Net loss per share, basic and diluted	(0.00)	(0.01)	(0.05)	
	April 30, 2014 \$	Fiscal 2014 January 31, 2014 \$	October 31, 2013 \$	Fiscal Ju
Total assets	35,386,049	33,788,667	32,201,645	21,19
Long-term liabilities	(3,632,258)	(3,459,984)	(2,997,010)	(3,03
General and administrative expenses	(572,921)	(968,060)	(1,933,085)	(52
Net loss	(446,705)	(669,861)	(2,006,551)	(54
Net loss per share, basic and diluted	(0.02)	(0.04)	(0.18)	

Note: The Company had no revenue and paid no dividends during the above periods.

On Behalf of the Board of Directors

"David Christie"  
President, CEO and Director

## About Eagle Hill Exploration Corporation

[Eagle Hill Exploration Corp.](#) is a Canadian mineral exploration company focused on the exploration and development of the high-grade Windfall Lake gold deposit, located between Val-d'Or and Chibougamau in Quebec, Canada. The bulk of the mineralization occurs in the Main Zone, a southwest/northeast trending zone of stacked mineralized lenses, measuring approximately 600 metres wide and at least 1,400 metres long. The deposit remains open at depth and along strike. Additional exploration and technical work is planned for 2015 and 2016 as the project advances to pre-feasibility. More information is available at [www.eaglehillexploration.com](http://www.eaglehillexploration.com).

On June 9, 2015, Eagle Hill announced a proposed combination with [Oban Mining Corp.](#), [Temex Resources Corp.](#), [Ryan Gold Corp.](#) and [Corona Gold Corp.](#) by way of a share exchange takeover bid by Oban. Oban has the option to revise the structure of the Transaction and to proceed by way of plan of arrangement should it conclude that is necessary or desirable. If completed, the proposed combination would create a new leading Canadian focused gold exploration and development company with approximately \$65 million in cash and investments. Completion of the combination is subject to Toronto Stock Exchange approval.

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*Neither the TSX Venture Exchange nor its Regulation Services Provider (as such term is defined in the policies of the TSX Venture Exchange) accepts responsibility for the adequacy or accuracy of this release.*

## **Qualified Person**

The Windfall Lake Project is under the direct supervision of Jean-Philippe Desrochers, PhD, PGeo, Eagle Hill's Vice President Exploration, and Paul-Henri Girard, Eng, a Director of Eagle Hill, both of whom have sufficient experience relevant to the style of mineralization under consideration and qualifies as a Qualified Person ("QP") as defined by National Instrument 43-101 ("NI 43-101"). The scientific and technical content of this document has been reviewed by Eagle Hill's QPs.

In addition, each of the individuals listed below are independent QPs for the purposes of NI 43-101. All scientific and technical information in this document in respect of the PEA is based upon information prepared by or under the supervision of those individuals.

For TetraTech Inc.'s Canadian Mining Division, Mike McLaughlin, PEng (mining); for Golder & Associates Ltd., Rodrigue Ouellet, Eng (Environment); for WSP Global Inc., Marie-Claude Dion, Eng (tailings and water storage facility); for Soutex Inc., Pierre Roy, Eng (metallurgy and processing). The geological model was constructed by Dr. Jean-François Ravenelle, PGeo, and Dominic Chartier, PGeo. Dr. Ravenelle and Mr. Chartier are full-time employees of SRK Consulting (Canada) Inc. and QPs under NI 43-101, and are independent of the Company.

## **Cautionary Note Regarding Forward-looking Statements**

*This document contains certain forward-looking information and forward-looking statements within the meaning of applicable securities legislation (collectively "forward-looking statements"). The use of any of the words "potential," "optimize," "intends," "estimated," "planned," "prepare," "preparation," "will" and similar expressions are intended to identify forward-looking statements. These statements involve known and unknown risks, uncertainties and other factors that may cause actual results or events to differ materially from those anticipated in such forward-looking statements. Such forward-looking statements should not be unduly relied upon. This document contains forward-looking statements and assumptions pertaining to the following: uncertainty regarding completion of the business combination announced on June 9, 2015 involving Eagle Hill, Oban Mining, Temex Resources, Ryan Gold and Corona Gold; uncertainty as a result of the preliminary nature of the PEA and the Company's ability to realize the results of the PEA; uncertainty regarding the inclusion of inferred resources in the mineral resource estimate and the Company's ability to upgrade the inferred mineral resources to a higher category; uncertainty regarding the ability to convert any part of the mineral resource into mineral reserves; uncertainty involving resource estimates and the ability to extract those resources economically, or at all; uncertainty involving drilling programs and the Company's ability to expand and upgrade existing resource estimates; uncertainties regarding the market price for gold and its effect on project economics; uncertainties regarding the C\$:US\$ exchange rate and its effect on project economics; the regulatory process and actions; the need to work with local communities and authorities to advance the properties; the need to work with Dundee Corporation and Southern Arc Minerals to advance the property; technical issues; new legislation; competitive factors and conditions; uncertainties resulting from potential delays or changes in plans; the occurrence of unexpected events; and the Company's ability to execute and implement future plans. Actual results achieved may vary from the information provided herein as a result of numerous known and unknown risks and uncertainties and other factors, including uncertainty related to drill results and the inclusion of drill results in future resource estimates for the property. The Company believes the expectations reflected in those forward-looking statements are reasonable, but no assurance can be given that these expectations will prove to be correct.*

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