

VANCOUVER, March 2, 2017 /CNW/ - Delbrook Capital Advisors Inc., the largest shareholder of [Rapier Gold Inc.](#) ("Rapier" or the "Company") (TSX Venture: RPR) announced today that they have released an open letter to the Company's shareholders (the "Shareholders"). The full content of the letter disclosed below will help Shareholders understand that the current leadership of the Company is broken and not acting in the best interests of Shareholders. We are not alone and at least 40% of Rapier Shareholders support our actions and agree that management and the Board are not acting in Shareholders' best interests, but are entrenching their own interests at our expense. New stewardship is needed.

As shareholders read this letter they should ask themselves, why would management and the board:

- In February 2016, decline a 30% premium offer which would have equated to \$0.25 per share (versus \$0.11 today)?
- In October 2016, decline a 47% premium offer valued at \$0.22 per share as part of a larger package which would have allowed Rapier Shareholders to hold 49% of a \$40mm+ market cap company versus Rapier's current \$8mm market cap?
- Decline a superior bought deal financing at twice the current entrenching private placement?
- Decline Delbrook's interim financing at a significant premium to the market price and the entrenched private placement, only to offer the entrenched private placement demanding a highly-unusual 18 month support agreement for management?
- Move the record date for voting to allow for the entrenched private placement to close, and ensure the locked up support agreements for management under this placement are able to vote?

Whose interests are being protected?

An Open Letter to Shareholders of [Rapier Gold Inc.](#)

Fellow Shareholders of Rapier Gold:

We are writing an open letter to Shareholders of [Rapier Gold Inc.](#) as the largest shareholder of the Company, and therefore aligned with your interests. As we have declared through public filings, Delbrook Capital Advisors Inc. ("Delbrook") controls 12,500,000 common shares of our Company, representing approximately 17.6% of the issued and outstanding common shares and over 2.25 times more than the amount owned by insiders. The ownership position we have disclosed should not be viewed as a vote of confidence in management or the Board of Directors (collectively, the "Board"), who have relentlessly destroyed value at Rapier and continue to do so today.

On February 14, 2017 we issued a press release highlighting the necessity for change at Rapier. In that press release, we proposed a stronger and more experienced group of directors, with a track record of creating value for Shareholders (the "Revitalizing Directors"). Our decision to "go public" with our concerns was not made in haste, and was the direct result of the Board's continued stonewalling of any and all attempts to create value for our Company. As noted in our press release dated February 23, 2017, we currently have significant support from over 40% of Rapier Shareholders. This level of support confirms the need for change to the Board in order to unlock shareholder value.

Our sole objective is the maximization of long term value for all Shareholders

Simply the Facts

We believe that Shareholders need to be made aware of the facts regarding the oppressive conduct, poor governance, and Board entrenchment conducted by Rapier. When presented with the facts, the need for change is obvious:

- The Board is entrenched and lacks the expertise necessary to maximize value for Shareholders. In February 2016, an offer was made for shares of Rapier at a significant (30%) premium to the trading price at the time. This offer was made by a very well-funded intermediate exploration company with a proven track record of success. It is uncertain if management brought this transaction to the Board, however Shareholders clearly were not given an opportunity to vote. Instead, management let the opportunity pass. The value of this transaction would have equated to over \$0.25 per Rapier share versus a price of \$0.11 per share today.
- The Board has gambled with the Pen Gold Property, breaching their duty of care. Changes need to be made, the status quo is no longer an option. In June 2016, Delbrook was made aware that Rapier was days away from losing the Pen South property which was under option from [Rogue Resources Inc.](#) This property represents approximately 65% of the total acreage of the Pen Gold Property, making the loss of these claims detrimental to the strategic value of the Company's sole asset. Shareholders were forced to step up, at a moment's notice, to provide lifesaving capital through a private placement.

- A proposed 47% premium transaction thoughtlessly rejected by the Board. In October 2016, the Board was presented with an offer to acquire all outstanding shares of Rapier at a 47% premium to a reference price of \$0.15 (i.e \$0.22 per share). The objective was to feature the Pen Gold Project as a major asset within an Ontario focused exploration company. Rapier Shareholders would have been significant shareholders (approximately 49%) of a \$40mm+ market cap. company with a greater liquidity profile and significantly more experienced management team. In addition, this focused "explore-co" was to be financed with \$10mm of fresh capital; almost 5 times more capital than the Board has been able to raise in the last 3 years. The transaction was summarily rejected and not brought to Shareholders.
- Actions of management negatively impacted share price. In November 2016, Rapier finalized a program which forced an early exercise of outstanding warrants, due to significant liquidity pressure. The forced exercise severely impacted the share price which declined 26.7% between the announcement of a forced exercise and the day after the program concluded. The Company raised only \$590,120 through this program.
- In December 2016, the above noted "explore-co" transaction was amended in order to address concerns from Rapier's Board and included bridge financing to alleviate financial distress (despite the recently raised \$590,120), allowing the Company to complete a transaction. Management delayed and did not exercise good faith in reviewing the proposal. The transaction again was not brought to Shareholders.
- Track record of value destruction. The Board seems more concerned with their entrenched positions than advancing the Pen Gold Project. The Board has a track record of value destruction and we encourage Shareholders to look into their previous roles with companies including, but not limited to, Luna Gold, Jennings Capital, and Minera IRL. The Board has empowered a management team who have not looked after the Company, and neither of them have a positive track record.
- Depleting the treasury. Examining Rapier's Q1 2017 financials (released March 1, 2017) underscores the Board's lack of concern for external shareholders. During the quarter, the Independent Committee paid themselves \$67,500 in "consulting fees" related to the October 2016 proposal, despite summarily rejecting it. In addition, the Board increased compensation for management by 106.6% vs. the same period last year. The Board is looking out for their own best interests and shareholders are picking up the tab.

Over the past months, Delbrook has engaged with the Board continuously with the sole objective of increasing long term shareholder value. We were concerned with the Board's lack of action in cases where shareholder value could have or still can be created. We fear that the Pen Gold Property is being mismanaged by an ineffective Board with a long track record of poor financial management.

The Entrenching Private Placement

Unfortunately, the Board has chosen to continue down the path of shareholder oppression by diluting Shareholders through an entrenching private placement (the "Entrenching Private Placement").

In addition, prior to the closing of the Entrenching Private Placement, the Board chose to move the date of record for the upcoming shareholder meeting in order to allow exclusive subscribers of the Entrenching Private Placement to vote their shares.

It should be noted that the Entrenching Private Placement was not made available to any existing significant shareholders of Rapier without agreeing to unconventional terms that demanded entering into an 18 month support agreement. As well, upon release of news of the placement, the Board was offered a bought deal placement (the "Bought Deal"), on much less dilutive terms, from a registered dealer. Given the Board's track record, the Bought Deal was unsurprisingly turned down. Instead, the dealer was asked to participate at the Entrenching Private Placement terms, with the stipulation that they obtained voting support agreements from all client(s). The dealer refused. The Bought Deal would have provided Rapier with over 2 times the capital announced in their press release dated February 28, 2017.

Parties currently considering participating in the Entrenched Private Placement should,

- question the Board's track record of misusing funds and assume that any new funding will be focused on mounting litigation expenses, not the advancement of the Pen Gold Property;
- be concerned with writing off their money in exchange for holding illiquid shares that will most likely continue to decline in value should the current Board remain; and
- note that Delbrook currently has over 40% support for the Revitalizing Directors.

We remain concerned that any capital raised by Rapier while the current Board is in place will not fund exploration at the Pen Gold Project but will instead only fund mounting legal expenses.

Recent Press Release Highlighting Q1 Financial Results

On February 25, 2017 the Company issued a press release outlining the current financial state of Rapier. The press release

further confirmed the deplorable actions being taken by the Board and reiterated the case for their swift removal. The press release was also filled with inaccuracies related to the transaction first presented to the Board in October 2016, and then amended in December 2016. We set the record straight on the following statements made in Rapier's press release:

- "In the first quarter the Company was highly successful in continuing to carry out the Company's ambitious exploration program at the Pen Gold Project." We strongly object to the use of the word "successful" when discussing the exploration and corporate achievements of the Board. The fact is, Rapier listed in 2013 with a \$0.30 private placement and now trades at approximately \$0.10 per share, a decline of 66.7%. In that time, the number of shares outstanding has increased over 300%. The Board needs to stop publically congratulating itself and question their definition of success.
- "the involvement of a needless intermediary shell company which would dilute Rapier Shareholders and increases liabilities." We are unaware of any significant associated liabilities with regards to the shell company. Rapier's comment on dilution is ridiculous when considering that Rapier Shareholders were to receive a 47% premium and that over \$10mm of fresh capital was to be raised at this higher share price. In our opinion, the Board's objection to using this structure is simply that doing so would result in their termination.
- "participation of a streaming and royalty company with terms that would be highly unfavorable to the Company and its Shareholders". In order to raise additional capital, it was suggested that a 0.5% royalty be sold on properties in the new "explore-co". A royalty of this level is inconsequential to the economics of higher grade gold projects, as typically found in the Timmins area. We would encourage the Board "to do the math" on a 0.5% royalty instead of putting vague language into a press release to mislead Shareholders.
- "no ability of the Company to do due diligence on the proposed shell company or the assets proposed to be acquitted". We will politely call this a terminological inexactitude as opposed to a blatant lie. The Board was presented with a transaction in October 2016 and had over four months to examine documentation, including an electronic data room of files, and access to numerous individuals involved in the properties scheduled to be vended in. The fact is, we don't believe the Board ever intended to take this transaction seriously, and reward Shareholders by entering into a premium takeover. To do so would be against their culture of entrenchment.

Delbrook made an offer on February 26, 2017 to provide interim financing to Rapier in order to address short term working capital requirements identified in the Company's Q1 Financial Highlights. Our objective was to provide ample liquidity to support the Company until the annual general meeting, scheduled for March 30, 2017. We have offered to provide financing at a significant premium to the recent market price, as well as the terms of the Entrenching Private Placement; see the press release dated February 27, 2017 titled Rapier Rejects Two Financing Offers Superior to the Entrenching Private Placement.

In keeping with their track record of poor financial choices, the Board rejected our offer. Instead, the Board offered to include our proposed investment in its dilutive and lower priced Entrenching Private Placement with the condition that we sign an 18 month support agreement, which would further entrench management and the Board.

Failure to Meet Key Success Factors versus Thriving Peer Group

We must compare Rapier to a peer group of Ontario & Quebec focused exploration companies in order to be able to judge the success of the Board. Since the 2012 downturn of the metals and mining sector, Probe Metals, Osisko Mining, First Mining Finance and Pure Gold have all been created, and have been successful in gaining access to capital, launching and executing significant drill programs, obtaining sell side research coverage, attracting significant institutional ownership, creating trading liquidity and obtaining premium valuations. In the same period of time, the Board of Rapier has not been successful in accomplishing even one of these key success factors. In fact, shareholders are materially worse due to the direct actions of the Board. Instead of telling shareholders of their "make-believe" successes via vaguely worded press releases, this Board should spend time studying their peers to learn how strong management teams create and grow long-term shareholder value.

After reading this letter, we hope that our fellow Shareholders are no longer misled by the current ineffective management and Board. The future can be better but change is necessary.

Yours Truly,

Matthew Zabloski
Managing Director
Delbrook Capital Advisors Inc.

About Delbrook Capital Advisors Inc.

Delbrook Capital Advisors Inc. is an independent investment manager which focuses on alternative strategies. Delbrook Capital Advisors Inc. manages the Delbrook Resource Opportunities Fund, an alternative investment fund, focused on identifying and investing in unique growth opportunities within the metals and mining sector.

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Disclaimers

Delbrook has not sought or obtained consent from any third party to the use herein of previously published information. Any such information should not be viewed as indicating the support of such third party for the views expressed herein.

Except for the historical information contained herein, the matters addressed in these materials are forward-looking statements that involve certain risks and uncertainties. You should be aware that actual results could differ materially from those contained in the forward-looking statements. Delbrook does not assume any obligation to update the forward-looking information.

Information in Support of Public Broadcast Solicitation

Delbrook is relying on the exemption under section 9.2(4) of National Instrument 51-102 – Continuous Disclosure Obligations ("NI 51-102") to make this public broadcast solicitation. The following information is provided in accordance with corporate and securities laws applicable to public broadcast solicitations.

This solicitation is being made by Delbrook, and not by or on behalf of the management of Rapier.

The head and registered address of Rapier is #2270-1055 West Georgia Street, Vancouver, BC Canada, V6E 3P3.

Rapier has announced that it has called the AGM, to be held on March 30, 2017. Delbrook may file a dissident information circular (the "Dissident Circular") in connection with the AGM, or any adjournment or postponement thereof, in due course in compliance with applicable securities and corporate laws.

This press release and any solicitation made by Delbrook in advance of the AGM is, or will be, as applicable, made by Delbrook and not by or on behalf of the management of Rapier. All costs incurred for any solicitation will be borne by Delbrook, provided that, subject to applicable law, Delbrook may seek reimbursement from Rapier for Delbrook's out-of-pocket expenses, including proxy solicitation expenses and legal fees, incurred in connection with a successful reconstitution of the Company's board of directors.

Any proxies solicited by Delbrook may be solicited by way of public broadcast, including through press releases, speeches or publications and by any other manner permitted under applicable laws, including pursuant to a Dissident Circular sent to shareholders of Rapier. Solicitations may be made by or on behalf of Delbrook, by mail, telephone, fax, email or other electronic means, and in person by directors, officers and employees of Delbrook or by the proposed nominees. Delbrook has engaged the services of Laurel Hill Advisory Group ("Laurel Hill") as communication advisor and as proxy advisor to assist with solicitation on behalf of Delbrook. Pursuant to the agreement with Laurel Hill, Laurel Hill will receive fees up to \$125,000 plus disbursements.

It is expected that any proxies solicited by Delbrook in connection with the AGM may be revoked by instrument in writing by the shareholder giving the proxy or by its duly authorized officer or attorney, or in any other manner permitted by law.

Delbrook has filed this press release and the press release dated February 14, 2017, which contains the information required by section 9.2(4)(c) of NI 51-102 and Form 51-102F5 Information Circular in respect of the proposed nominee directors under Rapier's company profile on SEDAR at <http://www.sedar.com>.

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