

Rapier Gold Inc. to be Acquired by GFG Resources Inc.

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VANCOUVER, Dec. 11, 2017 - [Rapier Gold Inc.](#) (TSX VENTURE:RPR) ("Rapier" or the "Company") is pleased to announce that it has entered into an arrangement agreement (the "Arrangement Agreement") with

[GFG Resources Inc.](#) ("GFG") pursuant to which GFG will acquire all of the issued and outstanding common shares of Rapier (each, a "Rapier Share") on the basis of 0.15 of a common share of GFG (each whole share, a "GFG Share") for each Rapier Share (the "Transaction"). The exchange ratio represents total consideration of C\$0.08 per Rapier Share based on the closing price of GFG on the TSX Venture Exchange ("TSXV") on December 7, 2017 and a premium of approximately 48% based on the volume weighted average prices of GFG and Rapier for the 20-day period ending on December 7, 2017.

Concurrently with the entering into of the Arrangement Agreement, GFG has also entered into separate agreements to acquire (i) the West Porcupine Property located west of Timmins, Ontario from [Probe Metals Inc.](#) for C\$3.5 million payable in GFG Shares, and (ii) the Swayze Project located west of Timmins, Ontario from [Osisko Mining Inc.](#) for C\$0.6 million payable in GFG Shares (collectively, the "Property Acquisitions"). In addition, GFG is proposing to complete a non-brokered private placement to raise up to C\$7 million (the "GFG Financing").

Transaction Highlights:

- Attractive premium: Premium of 48% based on the volume weighted average prices of GFG and Rapier for the 20-day period ending on December 7, 2017;
- Material Ongoing Equity Participation: Rapier shareholders will own approximately 17% of the combined company after the Property Acquisitions and GFG Financing;
- Exposure to a Prospective Exploration Portfolio: Rapier shareholders will maintain exposure to the Pen Gold project as part of a larger consolidated land position and participate in an attractive exploration vehicle with over 700 square kilometers of prospective and underexplored gold properties in Wyoming, USA and Timmins, Ontario;
- Strengthened balance sheet: The pro forma company will have a greatly improved balance sheet to fund continued exploration and work programs across the combined portfolio of properties;
- Strong management and board: GFG is led by a highly credible team of explorers and developers and is supported by an experienced board of directors with significant expertise in exploration, operations and capital markets;
- Enhanced capital markets profile: Increased market capitalization, improved share trading liquidity, an expanded institutional investor base, and a greater ability to access the equity capital markets to finance ongoing exploration activities; and
- Compelling valuation upside: Attractive risk / reward opportunity with a diversified asset portfolio and expected pipeline of news flow and catalysts.

"We undertook a broad strategic review process after our AGM in 2017 with the goal of enhancing value for Rapier shareholders. Given the increased management and Board capabilities, strengthening of the balance sheet, and ongoing participation in Pen Gold within a larger diversified exploration company, the Board unanimously believes that this transaction offers the optimal path forward for Rapier shareholders," said Lorie Waisberg, member of the Rapier Special Committee.

Transaction Details

Under the terms of the Arrangement Agreement, the Transaction will be carried out by way of a court approved plan of arrangement and will require the approval of at least 66 2/3% of the votes cast by the shareholders of Rapier present in person or by proxy at a special meeting expected to be held in February of 2018 (the "Rapier Meeting"), at least 66 2/3% of the votes cast by securityholders of Rapier present in person or by proxy at the Rapier Meeting, voting as a single class and, if required by *Multilateral Instrument 61-101 - Protection of Minority Securityholders in Special Transactions* ("MI 61-101"), "minority approval" in accordance with section 8.1 of MI 61-101. Completion of the Transaction is subject to requisite regulatory,

securityholder and court approvals, completion of the GFG Financing for gross proceeds of not less than C\$5,000,000 and other customary closing conditions. The Transaction includes customary deal-protection provisions, including non-solicitation provisions, a right to match in the event of a superior proposal and a termination fee payable under certain circumstances. Full details of the Transaction will be included in the management information circular of Rapier to be mailed in respect of the Rapier Meeting. The Arrangement Agreement will be posted to Rapier's SEDAR profile at www.sedar.com.

Outstanding options to purchase Rapier Shares ("Rapier Options") that have not been duly exercised prior to the effective date of the Arrangement, will be exchanged for a fully vested option of GFG to purchase from GFG the number of GFG Shares (rounded down to the nearest whole share) equal to: (i) the exchange ratio, being 0.15, multiplied by (ii) the number of Rapier Shares subject to such Rapier Option immediately prior to the effective date of the Arrangement. Outstanding common share purchase warrants of Rapier ("Rapier Warrants") will be amended to include an adjustment feature, such that upon completion of the Arrangement, the holders of Rapier Warrants will be entitled to receive, upon exercise of their Rapier Warrants, the number of GFG Shares which the holders would have been entitled to receive as a result of the Arrangement, if immediately prior to the effective date the holders had exercised their Rapier Warrants. In addition, outstanding deferred share units of Rapier will be settled for GFG Shares.

Board of Directors' Recommendations and Voting Support

Prior to entering into the Arrangement Agreement, a special committee of independent directors of Rapier (the "Special Committee") received a fairness opinion (the "Fairness Opinion") from GMP Securities L.P. ("GMP Securities"), to the effect that, as of the date thereof, based upon and subject to the assumptions, limitations and qualifications in the Fairness Opinion, the consideration to be received by Rapier shareholders pursuant to the Transaction is fair, from a financial point of view, to Rapier shareholders.

The board of directors of Rapier (the "Rapier Board"), after receiving financial advice from Trinity Partners ("Trinity") and legal advice and receipt of the Fairness Opinion, and after receiving a recommendation from the Special Committee, unanimously determined that the Transaction is fair, from a financial point of view, to the Rapier securityholders and that the Arrangement is in the best interests of Rapier and recommends that Rapier securityholders vote in favour of the Transaction.

The directors, senior officers and certain significant shareholders of Rapier (the "Supporting Shareholders") have entered into voting support agreements pursuant to which each has agreed to vote all of their Rapier securities in favour of the Transaction. Collectively, the Supporting Shareholders own approximately 35% of the outstanding Rapier Shares (40% on a fully diluted basis).

Subject to regulatory approvals and other customary closing conditions, the Company expects to close the Transaction in mid-February 2018 following receipt of all requisite regulatory, securityholder and court approvals.

Advisors and Counsel

Trinity acted as financial advisor to the Rapier Board and GMP Securities acted as financial advisor to the Special Committee. Fasken acted as legal counsel to Rapier and its Board of Directors.

Subject to TSXV approval, Rapier intends to pay Trinity and GMP its advisory fees and a portion of Fasken's legal fee through the issuance of Rapier Shares.

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This news release does not constitute an offer to sell or a solicitation of an offer to buy nor shall there be any sale of any securities in any jurisdiction in which such offer, solicitation or sale would be unlawful. The securities have not been and will not be registered under the United States Securities Act of 1933, as amended (the "U.S. Securities Act") or the securities laws of any state of the United States and may not be offered or sold within the United States or to, or for the account or the benefit of, any person in the United States unless registered under the U.S. Securities Act and applicable state securities laws or pursuant to an exemption from such registration requirements.

Cautionary Note Regarding Forward Looking Statements: Certain disclosure in this release constitutes forward-looking statements. In making the forward-looking statements in this release, the Company has applied certain factors and assumptions that are based on the Company's current beliefs as well as

assumptions made by and information currently available to the Company, including expectations regarding the completion of the Transaction and assumptions regarding the pro forma Company after completion of the Transaction. Although the Company considers these assumptions to be reasonable based on information currently available to it, they may prove to be incorrect, and the forward-looking statements in this release are subject to numerous risks, uncertainties and other factors that may cause future results to differ materially from those expressed or implied in such forward-looking statements. Such risk factors include, among others, that the Transaction may not be completed on the terms proposed or at all, the Company may have to pay a termination fee in certain circumstances if the Transaction is not completed, actual results of the pro forma Company may be different than those expected by management and that the pro forma Company will be unable to obtain required financing or will experience delays in obtaining any required government approvals or be unable to procure required equipment and supplies in sufficient quantities and on a timely basis. Readers are cautioned not to place undue reliance on forward-looking statements. The Company does not intend, and expressly disclaims any intention or obligation to, update or revise any forward-looking statements whether as a result of new information, future events or otherwise, except as required by law.

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