

# AUGUSTINE VENTURES INC.

## RELATED PARTY TRANSACTION POLICY & PROCEDURE

### I. Policy

Augustine Ventures Inc. (the "Company" or "Augustine") recognizes that Related Party Transactions (as defined below) can present potential or actual conflicts of interest and may raise questions about whether such transactions are consistent with the Company's and its shareholders' best interests. Therefore, this policy regarding the review, approval or ratification of Related Party Transactions has been adopted by the Company's Board of Directors in order to set forth:

- (i) the guidelines under which certain transactions must be reviewed and approved or ratified by the Audit Committee of the Board of Directors; and
- (ii) the disclosure requirements for Related Party Transactions.

### II. Definitions

For the purposes of this policy, the following definitions apply:

**"Immediate Family Member"** means any child, stepchild, parent, stepparent, spouse, sibling, mother-in-law, father-in-law, son-in-law, daughter-in-law, brother-in-law or sister-in-law of any director, nominee for director or executive officer of Augustine, and any person (other than a tenant or employee) sharing the household of any director, executive officer or nominee for director of Augustine.

**"Related Party"** means a person, other than a person that is solely a bona fide lender, that at the relevant time and after reasonable inquiry, is known by Augustine or a director or senior officer of Augustine to be

- (a) a control person of Augustine,
- (b) a person of which a person referred to in paragraph (a) is a control person,
- (c) a person of which Augustine is a control person,
- (d) a person that has
  - (i) beneficial ownership of, or control or direction over, directly or indirectly, or
  - (ii) a combination of beneficial ownership of, and control or direction over, directly or indirectly, securities of Augustine carrying more than 10% of the voting rights attached to all of Augustine 's outstanding voting securities,
- (e) a director or senior officer of
  - (i) Augustine, or
  - (ii) a person described in any other paragraph of this definition,

- (f) a person that manages or directs, to any substantial degree, the affairs or operations of Augustine under an agreement, arrangement or understanding between the person and Augustine, including the general partner of an entity that is a limited partnership, but excluding a person acting under bankruptcy or insolvency law,
- (g) a person of which persons described in any paragraph of this definition beneficially own, in the aggregate, more than 50% of the securities of any outstanding class of equity securities, or
- (h) an affiliated entity of any person described in any other paragraph of this definition.

**"Related Party Transaction"** means a transaction between Augustine and a person that is a Related Party at the time the transaction is agreed to, whether or not there are also other parties to the transaction, as a consequence of which, either through the transaction itself or together with connected transactions, Augustine directly or indirectly:

- (a) purchases or acquires an asset from the Related Party for valuable consideration,
- (b) purchases or acquires, as a joint actor with the Related Party, an asset from a third party if the proportion of the asset acquired by Augustine is less than the proportion of the consideration paid by Augustine,
- (c) sells, transfers or disposes of an asset to the Related Party,
- (d) sells, transfers or disposes of, as a joint actor with the Related Party, an asset to a third party if the proportion of the consideration received by Augustine is less than the proportion of the asset sold, transferred or disposed of by Augustine,
- (e) leases property to or from the Related Party,
- (f) acquires the Related Party, or combines with the Related Party, through an amalgamation, arrangement or otherwise, whether alone or with joint actors,
- (g) issues a security to the Related Party or subscribes for a security of the Related Party,
- (h) amends the terms of a security of Augustine if the security is beneficially owned, or is one over which control or direction is exercised, by the Related Party, or agrees to the amendment of the terms of a security of the Related Party if the security is beneficially owned by Augustine or is one over which the issuer exercises control or direction,
- (i) assumes or otherwise becomes subject to a liability of the Related Party,
- (j) borrows money from or lends money to the Related Party, or enters into a credit facility with the Related Party,
- (k) releases, cancels or forgives a debt or liability owed by the Related Party,
- (l) materially amends the terms of an outstanding debt or liability owed by or to the Related Party, or the terms of an outstanding credit facility with the Related Party, or

- (m) provides a guarantee or collateral security for a debt or liability of the Related Party, or materially amends the terms of the guarantee or security.

### **III. Identification of Related Party Transactions**

Potential Related Party Transactions will be brought to Augustine's attention in a number of ways. Directors, nominees for director and executive officers shall promptly notify the Chairman of the Audit Committee of any interest such person or an immediate family member of such person had, has or may have in a Related Party Transaction. In addition, each such director and executive officer completes a questionnaire on an annual basis designed, among other things, to elicit information about any potential Related Party Transaction.

Any potential Related Party Transactions that are brought to Augustine's attention is analyzed by the Chairman of the Audit Committee, in consultation with management and counsel, as appropriate, to determine whether the transaction or relationship does, in fact, constitute a Related Party Transaction requiring compliance with this Policy.

### **IV. Review, Approval and Ratification of Transactions**

Any Related Party Transactions shall be reported to the Audit Committee by the Chairman of the Audit Committee, or in the event that the Chairman of the Audit Committee has an interest in the Related Party Transaction, the transaction shall be reported to the Audit Committee by Augustine's Chief Financial Officer.

### **V. Audit Committee Review of Related Party Transactions**

The Audit Committee shall be provided with the material facts of all new, existing or proposed Related Party Transactions that require the Audit Committee's approval (including the terms of the transaction and the business purpose of the transaction) and either approve, disapprove or ratify such transactions. In assessing a Related Party Transaction, the Audit Committee shall consider such factors as it deems appropriate: including without limitation:

- (i) the business reasons for Augustine to enter into the Related Party Transaction;
- (ii) the commercial reasonableness of the terms of the Related Party Transaction;
- (iii) the materiality of the Related Party Transaction to Augustine;
- (iv) whether the terms of the Related Party Transaction are fair to Augustine and on the same basis as would apply if the transaction did not involve a Related Party;
- (v) the extent of the Related Party's interest in the Related Party Transaction; and
- (vi) the actual or apparent conflict of interest of the Related Party participating in the Related Party Transaction.

No director shall participate in the evaluation or approval of any Related Party Transaction for which he or she is a Related Party and will abstain from voting on the approval of the Related Party Transaction, except that the director shall provide all material information concerning the Related Party Transaction to the Audit Committee and may otherwise participate in some or all of the Audit Committee's discussions if so requested by the Audit Committee.

If a Related Party Transaction will be ongoing, the Audit Committee may, in its discretion, establish guidelines for Augustine's management to follow in its ongoing dealings with the Related Party. Thereafter, the Audit Committee shall periodically review and assess ongoing relationships with the Related Party to see that they are in compliance with the Audit Committee's guidelines.

## **VI. Disclosure**

All Related Party Transactions shall be disclosed in Augustine's applicable filings, if required, and all disclosure and filings must be made in accordance with the applicable sections of *Multilateral Instrument 61-101 - Protection of Minority Security Holders in Special Transactions*.