



**AUGUSTINE**  
VENTURES INC.

# **Augustine Ventures Inc.**

Management Discussion and Analysis

For the three months period ended February 29, 2016

April 27, 2016

**AUGUSTINE VENTURES INC.  
MANAGEMENT DISCUSSION AND ANALYSIS  
THREE MONTHS PERIOD ENDED FEBRUARY 29, 2016**

**INTRODUCTION**

The following Management Discussion and Analysis (“MD&A”) of Augustine Ventures Inc. (“Augustine” or the “Company”) is dated April 27, 2016 and provides an analysis of the Company’s performance and financial condition for the three months period ended February 29, 2016 as well as an analysis of future prospects. The Board of Directors carries out its responsibility for review of this disclosure principally through its audit committee, comprised of independent directors. The audit committee reviews this disclosure and recommends its approval by the Board of Directors.

This MD&A has been prepared in compliance with the requirements of National Instrument 51-102 – Continuous Disclosure Obligations. This discussion should be read in conjunction with the unaudited condensed interim financial statements of the Company for the three months period ended February 29, 2016 and the audited financial statements of the Company for the years ended November 30, 2015 together with the notes thereto (the “Financial Statements”). All amounts in the Financial Statements and MD&A are presented in Canadian dollars unless otherwise specified. The Financial Statements, along with Certifications of Filings, news releases and other information, are available on the Canadian System for Electronic Document Analysis and Retrieval (SEDAR) at [www.sedar.com](http://www.sedar.com).

**FORWARD-LOOKING STATEMENTS**

This MD&A may contain forward-looking statements that are based on the Company’s expectations, estimates and projections regarding its business and the economic environment in which it operates. These statements speak only as of the date on which they are made, are not guarantees of future performance and involve risks and uncertainties that are difficult to control or predict. Examples of some of the specific risks associated with the operations of the Company are set out below under “Risk Factors”. Actual outcomes and results may differ materially from those expressed in these forward-looking statements and readers should not place undue reliance on such statements.

**OVERALL PERFORMANCE**

**Principal Business and Corporate History**

Augustine is a Canadian junior gold exploration Company engaged in the acquisition, evaluation and exploration of mineral properties in Canada. The Company was established in 1997 as Black Mountain Minerals Inc. by statutory amalgamation of Triangle Capital Energy Corp. and Per-X Minerals Inc. pursuant to the provisions of the Business Corporations Act (Ontario). The Company’s name was changed from Black Mountain Minerals Inc. to Augustine Ventures Inc. on November 30, 2006. The Company is listed on the Canadian Securities Exchange (“CSE”) and commenced trading under the symbol “WAW” on June 14, 2011.

Augustine is currently engaged in gold exploration in Wawa, Ontario. Augustine has a 30% interest in a property which consists of the Surluga Project (2,426 hectares) and contiguous crown claims in good standing (2,912 hectares) all in McMurray Township, southeast of the Town of Wawa. Over 95 percent of the Surluga Project consists of leases and/or patents for both mineral and surface rights that are easily accessible. The property has a gold resource of 1.1 million ounces at 1.7 g/t contained in 19.8 million tonnes (as per a NI 43-101 Mineral Resource Estimate by SRK May 26, 2015) with known depth extension to 600 meters, a history of past production from the known vein deposits and a large number of untested but documented gold occurrences.

Augustine acquired an interest of the Surluga Project pursuant to the terms of an option agreement (the “Option Agreement”) dated April 16, 2009 entered into between Citabar Limited Partnership (“Citabar”), Citadel Gold Mines Inc. (Citadel”), Delta Uranium Inc. (“Delta”) and Delta Precious Metals (Ontario) Inc. (“DPMI”), and also pursuant to the terms of an assignment agreement (the “Assignment Agreement”) dated September 15, 2010 entered into between Delta, DPMI, Citadel, Citabar and the Company. Pursuant to the terms of the Assignment Agreement Citabar and Citadel consented to Delta and DPMI assigning their rights under the Option Agreement to the Company, whereby Delta and DPMI grant the Corporation the exclusive right to earn an undivided 60% interest in the Surluga Project. A compensation agreement dated September 22, 2010 (the “Compensation Agreement”), as amended on November 25, 2010 (the “Amending Compensation Agreement”), was entered into between Delta, DPMI and the Corporation for the Assignment Agreement.

In consideration for Citabar's consent, the Company has agreed to issue an aggregate of 1,000,000 common shares to Citabar as follows:

1. 250,000 common shares on the date that the Ontario Ministry of Northern Development, Mines and Forestry ("MNDFM") consents to the transfer of the Surluga Property from Citadel to Citabar (the "Consent Date") (which such shares have been issued); and
2. an additional 250,000 common shares on each of the first, second and third year anniversary of the Consent Date. The 250,000 common shares pertaining to each of the first, second and third anniversaries were issued.

Pursuant to the Compensation Agreement and Amending Compensation Agreement, the Company agreed to pay Delta an aggregate of \$100,000 and issue an aggregate of 3,810,000 common shares of which the \$100,000 has been paid and the 3,810,000 common shares have been issued.

On October 12, 2012, the Company amended the Option Agreement (the "Amending Agreement") with Citabar, and extended the date to have spent a total of \$2,000,000 in eligible expenditure on its Surluga Project from November 10, 2012 to June 30, 2013. For consideration of Citabar entering into the Amending Agreement, the Company issued 500,000 common shares to Citabar.

On March 18, 2013, the Company reached a Second Amending Agreement with Citabar to amend the Option Agreement. Under the Second Amending Agreement, the Company has an option to earn an undivided 60% interest in the Surluga Property from Citabar by expending an aggregate of \$4.0 million in eligible expenditures on or before November 30, 2013. Under the Second Amending Agreement, the Company also shall have the right to acquire an additional undivided 15% ownership interest on the Surluga Project by expending an additional \$4.0 million in eligible expenditures (for an aggregate total of \$8.0 million in eligible expenditures) on or before June 30, 2015. In consideration for amending the Option Agreement and upon the successful closing of a planned \$3.5 million private placement, the Company agreed to issue to Citabar such number of common shares of the Company that would result in Citabar owning, in the aggregate, 30% of the issued and outstanding common shares of the Company, excluding shares that Citabar or its affiliates owned prior to the \$3.5 million private placement.

Effective October 21, 2013, the Company reached a Third Amending Agreement with Citabar to further amend the original Option Agreement and Second Amending Agreement. Under the Third Amending Agreement, Citabar agreed to extend the date to earn an undivided 60% interest in the Surluga Project from Citabar by expending an aggregate of \$4 million in eligible expenditures from November 30, 2013 to June 30, 2014. subject to the Company demonstrating to the satisfaction of Citabar, in Citabar's sole discretion, that the Company have firm commitments of sufficient financing by December 15, 2013 and having received the proceeds of such funding by January 15, 2014. Subsequent to the year ended November 30, 2013, the Company received a waiver from Citabar to waive those requirements in consideration for amending the Option Agreement, the Company shall, upon having spent sufficient funds so as to earn in a 60% interest in the Surluga Project, issue to Citabar such number of the Company's common shares that will represent 30% of the issued and outstanding common shares of the Company, independent of the shares already owned by Citabar and any of its wholly owned subsidiaries and affiliates.

On July 14, 2014, the Company reached a Fourth Amending Agreement with Citabar to further amended the Option Agreements by Citabar and extended the date for the Company to earn the undivided 60% interest in the Surluga Project from Citabar through expending by aggregation \$4.0 million in eligible expenditures from June 30, 2014 to March 31, 2015. The extension to said date is subject to the Company demonstrating to the satisfaction of Citabar, in Citabar's sole discretion, that the Company has received the cash proceeds of at least \$2.6 million on or before November 30, 2014.

On December 10, 2014 the Company entered into an Assignment and Assumption Agreement and a restated Joint Venture Agreement with Red Pine Exploration (RPX on the TSX-V) or "Red Pine" and Citabar with the following terms and conditions:

- 1) Red Pine is required to incur \$2.1 million in eligible exploration expenditures on Surluga property by June 30, 2015 in order to earn in a 30% interest in the Surluga Project, upon which Augustine and Citabar would hold 30% and 40%, respectively (spent in 2015);
- 2) Red Pine has the right to earn one-half of an additional 15% interest ( or 7.5%) in the Surluga Project by incurring a further \$2.0 million in eligible exploration expenditures on Surluga property by June 30, 2016, so long as a total of \$4.0 million is spent in the aggregate by Red Pine and Augustine, which could be increased up to the entire 15% interest if all of such additional \$4.0 million is incurred by Red Pine;
- 3) Red Pine also has the right to earn a pro rata interest in Augustine's existing interests in all mineral properties acquired by Augustine, including any future acquisitions, within an area of influence defined as a five kilometre radius from the perimeter of the Surluga Project by satisfying certain criteria;
- 4) Upon earning in 30% interest, Red Pine will be the Manager under the terms of the Joint Venture Agreement (JVA), which constitutes part of the Option Agreement, as amended by the Assignment and Assumption Agreement;

This Assignment and Assumption Agreement replaces the Fourth Amending Agreement.

On August 7, 2015, the Company entered into an earn in agreement with Red Pine Exploration Inc. (RPX on the TSX-V, or

“Red Pine”), and Citabar, pursuant to which it is acknowledged and agreed that the Company and Red Pine have each earned in a 30% interest in the Mineral Claims agreed by all parties and attached as the schedules to the agreement and Citabar has earned in a 40% interest in the claims owned by the Company and a 40% interest in the claims owned by Red Pine as described in the agreement; Red Pine has earned in 30% interest in the claims owned by the Company as described in the agreement; and the Company earned in 30% interest in the claims owned by Red Pine as described in the agreement. The ownership of the claims as described in the agreement will be registered on titles to the claims, such registrations to be carried out by Manager of the JVA. The date of the agreement becomes the “Effective Date” of the executed JVA.

The claims as described in the earn-in agreement include 182 claims units in which the Company acquired a 100% undivided interest in September 2011 totalling 2,912 hectares adjacent to its Surluga Project. These claims include the Oakley Lake Property purchased by Augustine, additional claims staked by Augustine plus claims staked by Red Pine pursuant to the Assignment and Assumption Agreement.

## **Results of Operations – Projects Review**

### **Surluga Project, Wawa, Ontario (referred to as the Wawa Gold Project)**

The Company completed a NI 43-101 Mineral Resource Estimate on the Surluga Property. A full description of the property is found in the NI 43-101 report dated October 25, 2011 entitled, “A Technical Review and Mineral Resource Estimate for the Jubilee – Surluga Property, Near Wawa, Ontario, Canada for Augustine Ventures Inc.”, by Clifford J. Duke, P. Eng. Of Watts, Griffis and McQuat (amended October 15, 2012) (the “WGM Report”).

As part of the Assumption and Assignment Agreement, Red Pine Exploration Inc. spent \$2.1 million on exploration work on the Mineral Claims and completed a mineral resource estimate is disclosed in a NI 43-101 technical report titled "Mineral Resource Statement, Surluga-Jubilee Gold Deposit, Wawa Gold Project, Ontario, SRK Consulting (Canada) Inc. (effective May 26, 2015). The report is available on [www.SEDAR.com](http://www.SEDAR.com) under Red Pine’s profile. Cut-off grades are based on a gold price of US\$1,250 per ounce and a gold recovery of 95 percent.

A summary from the WGM NI-43-101 Report is provided below.

#### Project Location and Description:

The Wawa Gold Project is located 2 km southeast of the Town of Wawa, Ontario and ~650 km northwest of Toronto, dominantly in McMurray Township but also straddles the townships of Naveau and Rabazo in the Sault Ste. Marie Mining Division. Legal access is available via Highway 101 from Wawa and the Surluga Mine Road, a private road owned and maintained by Citabar Limited Partnership (“Citabar”).

The property consists of 205 patented claims grouped under 65 PINs (23 leaseholds (17 leases) and 42 fee simple absolutes) plus 34 unpatented mining claims. The patents and claims make up a contiguous package that covers approximately 5,338 ha. Most of the areas covered by dispositions also include surface rights particularly over old mine areas including shafts and tailings impoundments. Timber rights are also included for a small number of the patented claims. Ownership is shared (40% Citabar, 30% Augustine and 30% Red Pine Exploration) as of August 7th, 2015, the effective date of the Earn-In Agreement.

#### Accessibility, Climate, Local Resources, Infrastructure and Physiography

The Town of Wawa is located on the Trans-Canada Highway 17, 225 km north of Sault Ste. Marie, near the north shore of Lake Superior. Highway 101 leads east from the Trans-Canada highway toward Timmins. The property is accessed off of Highway 101 by a gravel road that was the road to the formerly producing Jubilee and Surluga mines.

Lake Superior has a moderating effect on the local weather. Temperatures are highest in August, averaging 14.9°C, and lowest in January, averaging -14.8°C. Total annual precipitation averages 1,002 mm, with 329 mm falling as snow between September and May.

The Town of Wawa has a population of 3,204. There are an equal number of people living in the surrounding region, including the towns of Chapleau, White River, Dubreuilville, and six First Nation communities. The town of Wawa has a rich mining heritage going back to the late 1800s. Iron mining in Wawa stopped in 1998, leaving behind much of the infrastructure necessary to support a mining operation, including power lines, railways, harbor, and an airport. The Algoma Central Railway provides regular service between Sault Ste. Marie and Hawk Junction, about 15 km from the site. The Michipicoten harbor is a natural deep water harbour formerly used to ship iron ore to market.

The mining infrastructure on the site has been removed as part of Citadel Closure Plan. The tailings pond at Minto Lake is present and maintained subject to the Closure Plan. The original all weather access road to the Surluga mine site is in place and in good condition.

Wawa is located in the Canadian Shield, at an elevation of about 287 m above sea level ("ASL"). The terrain is hilly, with local steep ridges, and local elevations vary between 260 m and 400 m ASL. The property is forested predominantly with spruce, pine, birch and poplar.

### Environmental Liabilities

The Surluga Property is the site of considerable historical production. There have been a number of shafts sunk, and a tailings facility has been developed at Minto Lake. The previous owner, Citadel, has completed a program of environmental cleanup, removed the mining infrastructure, and filed a Closure Plan with the MNDMF (now the Ministry of Northern Development and Mines, herein referred to as "MNDM"). MNDM allowed the transfer of ownership of the property from Citadel to Citabar, and indicated that an amendment to the Closure Plan filed by Citadel is not required.

All patented mining claims for which mining rights are held are part of a closure plan. A large part of the closure plan has been completed and is being conducted by "exp" consultants from their Thunder Bay, Ontario office. A Progressive Rehabilitation Report was submitted by "exp" to MNDM on March 31, 2016 confirming that all the required closure plan work has been completed with the following exceptions:

- i. Backfilling of two small test pits on the south shore of Wawa Lake due to the mild winter which prevented lake access. This work will be completed in the summer of 2016 or the winter of 2016-2017;
- ii. Completion of a Crown Pillar Study. "exp" proposed to MNDM in a letter of March 31, 2016 to conduct a geotechnical investigation of all available information and prepare a confirmation drilling program for any missing information, if required, all subject to approval by MNDM as the final field work.

A Sediment Toxicity Report for the Grace-Darwin Tailings was submitted by "exp" to MNDM on January 8, 2016 which concludes that elevated mercury levels are a result of historical activities and are not attributable to Citabar's activities; however, "exp" recommends that the monitoring continue for another three years at a reduced number of locations.

Financial Assurance of \$315,000 in the form of a Letter of Credit from Sherfam Inc. on behalf of Citabar LLC remains in effect.

### History

Prior to 2007 exploration drilling along the Jubilee Shear comprised 49,549 metres (m) of diamond drilling in 279 surface holes and 48,768 m in 1,502 underground diamond drill holes; a total of 98,317 m.

An exploration and mining history of the property was summarized by Rupert (1990) and it is tabulated below for reference:

1880's	Numerous mining locations acquired in the area by "Princes of Commerce". Very few technical records.
1895	The Ontario government adopted a claiming system to encourage mining title acquisition by other classes of citizens.
1897-1902	A staking rush occurs in the Wawa area. Most local prospects are reported as legally defined new discoveries in this period.
1901	Grace Mine (Algoma Commercial Company) started operations.
1899-1903	Mariposa and Minto shafts are sunk.
1902	Longbottom and other veins are located near the Parkhill mine but their development is deterred by property boundaries.
1901-1912	Intermittent production from the Grace mine.
1910-1922	Many claims in the area are abandoned.
1922-1926	The area is re-staked and heavily promoted, primarily by the Power and Mines Syndicate and Corporation, owner of the Grace mine, the Michael Syndicate, part owner of the Parkhill, Minto, and Jubilee mines, the Pioneer Mining Corporation, part owner of the Parkhill mine, and Cooper Gold Mines Limited, part owner of the Minto and Jubilee mines.
1930-1938	Parkhill Gold Mines Limited sank a shaft and produced gold from the Parkhill mine.
1930-1934	The Minto mine produced gold for Minto Gold Mines Limited.
1934-1939	The Jubilee mine was operated by Minto Gold Mines Limited.
1934-1937	Darwin Gold Mines Ltd. produced gold from the Grace mine.

1961-1987	Surluga Gold Mines (later renamed Citadel Gold Mines) explored the property north of Ward Lake and developed the Surluga mine. Production began in 1969. Over 350 surface and 900 underground diamond drill holes were bored.
1980-1986	Dunraine Mines Limited acquires the Parkhill mine and the Van Sickle mine, and drilled 39 additional diamond drill holes. The Parkhill mine is partially dewatered and explored.
1980-1983	Dunraine Mines Limited acquires the Grace mine property and drills 37 diamond drill holes.
1988	Citadel purchases the Parkhill and Grace mine properties.
1987	Citadel options the Washaw Claims.
1988-1990	Citadel conducts surface stripping programs on the Parkhill, Darwin and Washaw claim groups.
1987-1989	Citadel diamond drill program includes one hole along the Darwin Shear and five holes along a suspected splay off the Darwin Shear to the north of Ward Lake.
1989	Citadel produces gold from the Surluga mine for eight months. The tailings area is developed at Minto Lake. On closing the remaining resources were estimated at 710,000 short tons at a grade of 0.125 oz/short ton. This estimate is not audited and is considered "historical" as it pre-dates the NI43-101 standard. This historical estimate is presented here for historical completeness and it should not be relied upon.
1989	Van-Ollie Mines Limited acquires the neighbouring Van Sickle mine property. An extensive stripping program is conducted on the Van Sickle, Sunrise and Mickelson veins then completes 5,113 ft of diamond drilling in 30 holes.

The following additional historical exploration work was completed following the Rupert (1990) summary:

1998	Helicopter-borne three frequency electromagnetic and magnetic geophysical survey flown on behalf of the Ontario Geological Survey (OGS).
2004	Resource Data Management Inc. compiled a three dimensional model of the Surluga mine for Citabar using an existing drill hole database and digitized mine plans.
2007	Citabar completes 9,282 m of diamond drilling in 12 holes plus two wedged holes targeting the down dip extension of the Jubilee Shear Zone.

#### Geological Setting – The Regional, Local and Property Geology

The Archean Superior Province is located within the central area of the North American continent within the very large Precambrian Shield. The rocks are primarily Mesoarchean (3.2 Ga) and Neoproterozoic (2.8 Ga) in age. The rocks were significantly affected by post-Archean deformation along the boundaries marked by Proterozoic orogens such as the Trans-Hudson and Grenville. Major internal fault zones, such as the Kapuskasing Structural Zone, have played significant roles in shaping this geological province.

Proterozoic (2.5 Ga to 542 Ma) and younger activity consists of rifting along the geological margins. This included the emplacement of mafic dykes, compressional reactivation of fault zones and major structural rotations collectively resulting in the overall easterly structural trends within the southern Superior Province. The potential for base metals, gold, and other commodities in the Superior Province continues to attract mineral exploration.

The Surluga Property is located in the Michipicoten Greenstone Belt, a structurally and stratigraphically complex assemblage of metamorphosed and deformed volcanic, sedimentary and intrusive rocks within the Wawa sub-province of the Superior Province. Superimposed on regional folding and faulting structures are gold-bearing shear zones such as the Jubilee Shear Zone. Notable past and currently producing mineral deposits within this belt includes both gold and iron.

#### Mineralization

Gold at the Surluga Property is associated with quartz veins and solidification within shear zones. The character of the gold-bearing veins varies according to its host rock and this consequently affects the width and intensity of shearing, the volume of veining material and the grade of gold. Overall, the Jubilee Shear comprises a series of sub-parallel segments in an en-echelon arrangement ranging from 6 to 60 m in width while plunging to the south. The veins are further characterized by thin brown lenses of alteration surrounding the smokey to white, often banded and drag folded, veins. Helmstaedt (1988) concluded that the deposition of the gold and the accompanying potassic alteration are events that predate the ductile deformation stage of the Jubilee zone.

#### Deposit Type

The Surluga deposit is the product of an auriferous quartz rich hydrothermal system subjected to considerable post-deposition deformation. This ductile shearing of the veins has deformed the deposit into the en-echelon rod-shaped gold-rich lenses.

## Exploration Work

Augustine optioned the project in early 2011 and the subsequent in-house exploration programs are summarized below:

2011	Augustine completes 2,944 m of diamond drilling in 18 holes on the Surluga claims. Thirteen "twinning" drill holes were used for verification of the historical data while the remaining five holes targeted the mineralized zone to the north of the historical Jubilee mine workings.
2011	412 km of helicopter-borne electromagnetic-magnetic survey were flown by Geotech Ltd using a VTEM® system.
2013-2014	Augustine carried out geological modeling work to incorporate both the data from its 2011 drilling program and data from the re-logging and re-sampling of historic drill core (approximately 279 surface holes and 1,505 underground drill holes) stored during the historical Surluga mining operations.
2014-2015	Red Pine completes 5,594 m of diamond drilling in 26 holes to infill drilling gaps in the historic data to allow for a revision of the resource calculation. An independent up-dated NI 43-101 Resource Estimate was prepared by SRK. Additionally, a multi-component magnetic airborne survey was completed over the entire Wawa gold property.

## Drilling

Prior to 2007 exploration drilling along the Jubilee Shear consisted of 49,549 m of diamond drilling in 279 surface holes, and 48,768 m in 1,502 underground diamond drill holes. Most of the holes are documented on surviving historic plans and sections produced during the course of mining. The underground workings are not currently accessible so the quality of the underground drilling must be inferred from the quality of the available data. Overall Augustine has confidence in working with the historical data.

Historical core logging was completed on site by three different geologists. Augustine has observed a significant difference with the nomenclature used by each and significant volumes of core were re-logged and sampled to develop a consistent naming convention to better develop an understanding of the deposit type and the extent of the gold mineralization.

A summary of the resource found in the NI 43-101 Mineral Resource Estimate is provided below:

<b>Cut-off Grade Au g/t</b>	<b>Tonnage (t x 1,000)</b>	<b>Au (g/t)</b>	<b>Contained Au (oz x 1,000)</b>
5	378	7.69	94
2	4,651	3.33	498
1	12,503	2.11	847
0.5	22,355	1.49	1,072
0.2	32,169	1.14	1,182

*"Amended Technical Review and Mineral Resource Estimate for the Jubilee-Surluga Property, near Wawa, Ontario, Canada for Augustine Ventures Inc." dated October 12, 2012 and prepared by Clifford J. Duke, P. Eng., Senior Associate Geological Engineer of Watts, Griffis and McQuat, Consulting Geologists and Engineers. The report is available on [www.SEDAR.com](http://www.SEDAR.com) under Augustine's profile.*

On December 17, 2014, the Augustine announced exploration work was underway on the property pursuant to an Assumption Agreement wherein Red Pine Exploration (RPX) will earn in a 30% interest in the property. Red Pine incorporated the results of their drilling work into an updated resource calculation for the Surluga Gold Deposit prepared by SRK Consulting (Canada) Inc. and Ronacher McKenzie Geoscience<sup>2</sup>.

A summary of the updated NI 43-101 Mineral Resource Statement\* is provided below:

<b>Resource Category</b>	<b>Cut-off Gold (g/t)</b>	<b>Quantity ('000 tonnes)</b>	<b>Grade Gold (g/t)</b>	<b>Contained Metal Gold ('000 oz)</b>
<b>Inferred**</b>				
<i>Inside Pit</i>	0.4	10,239	2.05	676
<i>Outside Pit</i>	0.4	8,630	1.07	298
<i>Underground</i>	2.5	955	3.73	114
<b>Total 2015</b>		<b>19,824</b>	<b>1.71</b>	<b>1,088</b>
<b>Previous 2012</b>	<b>0.5</b>	<b>22,355</b>	<b>1.49</b>	<b>1,072</b>

*\*Mineral resources are not mineral reserves and have not demonstrated economic viability. All figures are rounded to reflect the relative accuracy of the estimate. Composites have been capped where appropriate.*

*\*\* Open pit mineral resources are reported at a cut-off grade of 0.40 g/t gold in relation with a conceptual pit shell constructed by SRK. Underground mineral resources include classified modeled blocks below the conceptual pit shell and above a cut-off grade of 2.50 g/t gold. Cut-off grades are based on a gold price of US\$1,250 per ounce and a gold recovery of 95 percent.*

*"Mineral Resource Statement, Surluga-Jubilee Gold Deposit, Wawa Gold Project, Ontario, SRK Consulting (Canada) Inc. (effective May 26, 2015)". The report is available on [www.SEDAR.com](http://www.SEDAR.com) under Red Pine's profile.*

## SUMMARY OF SELECTED ANNUAL FINANCIAL INFORMATION

The following is selected financial information from the Company's three most recently completed fiscal years:

ANNUAL INFORMATION (\$)	Years Ended November 30,		
	2015	2014	2013
Total revenue	-	-	-
Net loss	(643,749)	(853,373)	(668,752)
Basic and diluted loss per share	(0.01)	(0.02)	(0.02)
Total assets	3,446,017	3,231,002	3,164,834
Total liabilities	746,230	1,555,656	1,219,650
Shareholders' equity	2,699,787	1,675,346	1,945,184

## SELECTED QUARTERLY FINANCIAL INFORMATION

The following table shows selected financial information related to the Company for the periods indicated. The information contained in this table should be read in conjunction with the Company's financial statements. An analysis of the information contained in this table is set out below under "Results of Operations" and "Liquidity and Capital Resources".

Three Months Ended	Revenues	Net Loss		Total Assets	Long Term Liabilities
		Total	Per Share <sup>1)</sup>		
29-Feb-16	Nil	(121,379)	(0.00)	3,399,628	194,534
30-Nov-15	Nil	98,406	0.00	3,446,017	194,534
31-Aug-15	Nil	(483,925)	(0.01)	3,263,894	Nil
31-May-15	Nil	(72,914)	(0.00)	3,393,710	Nil
28-Feb-15	Nil	(185,316)	(0.00)	3,368,694	Nil
30-Nov-14	Nil	(508,547)	(0.00)	3,231,002	Nil
31-Aug-14	Nil	(113,804)	(0.00)	3,280,583	Nil
31-May-14	Nil	(100,750)	(0.00)	3,310,700	Nil

- 1) Per share amounts are rounded to the nearest cent, therefore aggregating quarterly amounts may not reconcile to year-to-date per share amounts. As the Company has reported a net loss, it has not calculated the diluted loss per common share as the effect would be anti-dilutive.

## RESULTS OF OPERATIONS – FINANCIAL PERFORMANCE

The Company has no revenue or operating cash flow and relies on external financings to generate capital. As a result of its activities, the Company continues to incur net losses.

For the three months period ended February 29, 2016, the Company incurred total comprehensive loss of \$121,379 (2015 - \$185,316). The decrease of the Q1 2016 loss was mainly due to the decrease of a loss on disposal of property and equipment of \$52,449, as comparing with 2015. Except for the decrease of the assets disposal loss which was caused by office moving

in January 2015, other cash expenses decreased \$11,488 as comparing with 2015 due to stringent control on operating expenses. The Company expensed \$524 in depreciation (2015 - \$1,749), which is a non-cash expense. Directors' fees for the period were \$39,250 (2015 - \$12,500), due to an increase of annual directors fees started from December 1, 2015 based on a resolution of the compensation committee. General and administrative expenses decreased to \$11,896 (2015 - \$20,394), decreased mainly in advertisings and promotion of \$1,250, office supplies of \$2,389, IT supplies \$2,954, and miscellaneous \$1,905, primarily caused by less financing efforts incurred in Q1 2016 as comparing with Q1 2015. The Company recorded interest expense of \$50 (2015- \$4,675) decreased due to settlement of all promissory notes brought forward from 2014 in February 2015, while one new promissory note of \$25,000 issued in February 2016. Management fees were \$12,000 (2015 - \$12,000): 1) management agreed to reduce their fees by 50% effective June 2013, and 2) started from 2014, 50% of the Company's CEO's management fee were assessed being related to Surluga property exploration activities and hence recorded into the exploration cost. In Q1 2016, the Company expensed \$47,586 in professional fees (2015 - \$30,425) primarily caused by the increase of legal consulting fee of \$24,986 and decrease of accounting service fee of \$7,825. The Company paid \$3,950 in rent and occupancy costs (2015- \$17,625) reflecting the decrease of rent expenses after the Company moving into its new office by the end of January 2015 with lower occupancy cost. The Company paid \$6,637 for shareholder services and public Company costs (2015 - \$29,261), decreased \$22,624 as comparing with Q1 2015 mainly due to less financing activities in Q1 2016.

During the three months period ended February 29, 2016 and February 28, 2015, the Company expended and capitalized the following amounts in exploration expenses on its Surluga Project:

	Three months ended	
	February 29, 2016	February 28, 2015
Consulting fees	\$ 5,261	\$ 12,750
Premises and accommodation	2,982	12,709
Travel	-	-
Claims taxes and fees	609	29,385
Drillings and Assays	-	-
Miscellaneous	-	1,448
<b>Total</b>	<b>\$ 8,852</b>	<b>\$ 56,292</b>

## LIQUIDITY AND CAPITAL RESOURCES

The Company is not in commercial production on any of its mineral resource properties, and accordingly, the Company has no revenues. The Company finances its operations by raising capital in the equity markets.

As at February 29, 2016, the Company had a working capital deficiency of \$531,139 (November 30, 2015 - \$401,432) which included cash and cash equivalents of \$25,189 (November 30, 2015 - \$89,275). As at February 29, 2016 and November 30, 2015, the Company also held \$10,000 as a Guaranteed Investment Certificate as collateral on the credit amount of a credit card issued by a major financial institution with an aggregate credit limit of \$10,000, as long as the credit card is active. The cash will be used to satisfy the Company's obligations under its option on the Surluga Project (see "Commitments and Contingencies" below) and for routine administrative expenses in conjunction with future financing proceeds.

In the three months period ended February 29, 2016, the Company received of \$25,000 evidenced by promissory notes (2015 - \$43,000) principal in loan. This loan are bearing interest at a rate of 8% per annum, due in February 2017. In March 2016, the Company received of \$330,000 by promissory notes principal in loan, bearing interest at a rate of 8% per annum, due in March 2017. In early April, the Company has settled both above promissory notes liabilities through issuance of its common shares.

On February 7, 2013, the Company closed an offering of 800,000 Non Flow Through Units and 400,000 Flow Through Units at the price of \$0.10 per unit for gross proceeds of \$120,000. Each Non Flow Through Unit consisted of one common share and one common share purchase warrant. Each Flow Through Unit consisted of one flow through common share and one half warrant. Each whole warrant entitles the holder to purchase one common share of Augustine at an exercise price of \$0.20 per share at any time until February 7, 2015. Each warrant is subject to an accelerator clause whereby at Augustine's option, the holder must exercise their warrants within 30 calendar days in the event that Augustine's shares trade at or above \$0.40 per share for 15 consecutive trading days. The Company paid cash commissions and expenses of \$19,600 and issued 96,000 compensation warrants.

On February 28, 2013, Augustine closed a non-brokered private placement of 1,200,000 Flow Through Units at the price of \$0.10 per unit for gross proceeds of \$120,000. Each Flow Through Unit consisted of one flow through common share and one half warrant. Each whole Warrant entitles the holder to purchase one common share of Augustine at an exercise price of \$0.20

per share at any time until February 28, 2015. Each Warrant is subject to an accelerator clause whereby at Augustine's option, the holder must exercise their Warrants within 30 calendar days in the event that Augustine's shares trade at or above \$0.40 per share for 15 consecutive trading days. No fees or commissions were paid in connection with this private placement.

On July 4, 2013, the Company closed an offering of 5,000,000 Non Flow Through Units and 1,000,000 Flow Through Units at the price of \$0.05 per unit for gross proceeds of \$300,000. Each Non Flow Through Unit consisted of one common share and one common share purchase warrant. Each Flow Through Unit consisted of one flow through common share and one half warrant. Each whole warrant entitles the holder to purchase one common share of Augustine at an exercise price of \$0.10 per share at any time until July 4, 2015. The Company paid cash commissions of \$37,068 and issued 480,000 compensation warrants.

On March 6, 2014, the Company closed on an offering of 4,305,000 flow-through units ("FT Units") at the price of \$0.05 per FT Unit and 945,000 non-flow-through units ("NFT Units") at the price of \$0.05 per NFT Unit for gross proceeds of \$262,500 on March 6, 2014. Each FT Unit consisted of one flow through share and one non-flow through warrant to purchase one common share of the Company exercisable at \$0.05 per share until March 6, 2017. Each NFT Unit consisted of one common share and one warrant to purchase one common share of the Company exercisable at \$0.05 per share until March 6, 2017. In connection with the financing, Augustine paid a cash commission of 8% of the funds raised and broker warrants in the amount of 8% of the FT Units and NFT Units issued through the offering. Each broker warrant allows the holder to acquire one NFT Unit of the Company at a price of \$0.05 per common share until March 6, 2017.

In September and November 2014, the Company received in total the amount of \$46,654 for two loans evidenced by a promissory note bearing interest at the rate of 8%, due in June and September, 2015. During the year ended November 30, 2013, the Company received an aggregate of \$220,000 in loans evidenced by promissory notes, bearing interest at a rate of 8% per annum and due on or before June 30, 2014. During the year ended November 30, 2012, the Company also received an aggregate of \$48,000 in loans evidenced by promissory notes bearing interest at 8-9% per annum and due on or before January 31, 2013. All of the notes remain outstanding and continue to accrue interest until repaid.

On February 9, 2015 and February 25, 2015, in two tranches the Company closed a private placement financing with total offering of 1,500,000 flow-through unit ("FT Units") at the price of \$0.05 per FT Unit and aggregate of 930,000 non-flow-through units ("NFT Units") at the price of \$0.05 per NFT Unit for gross proceeds of \$121,500. In addition, the Company has also issued in aggregate of 4,911,110 NFT units at the price of US dollar \$0.045 per NFT unit for gross proceeds of US dollar \$221,000. Each FT Units consisted of one flow-through share of and one non-flow-through warrants to purchase one common share of the Company at an exercise price of \$0.05 per warrant share at any time on or before February 9, 2019. Each NFT Unit consisted of one common share and one warrant to purchase one common share of the Company exercisable at \$0.05/US\$0.045 per share at any time on or before February 9 or 25, 2019. In connection of the closing of private placement offering, the Company has paid IBK Capital a cash commission of 8% of the funds raised through FT and NFT Units offered together with the broker warrants represented 8% of the FT Units and NFT Units, excluding the NFT Units issued to the US subscribers, issued through the above offering. Each broker warrant allows the holder to acquire on NFT Unit of the Company at an exercise price of \$0.05 per NFT Unit at any time on or before February 9, 2019. In addition, the Company has issued an aggregate of 12,311,956 units (the "Debt Units") to certain creditors of the Company in exchange for the cancellation of an aggregate of \$615,598 in debt owing to the creditors. Each Debt Unit consisted of one common share and on common share purchase warrant (a "Debt Warrant"), among which 7,009,428 Debt Warrants can be exercised at a price of \$0.10 per Debt Warrant Share at any time until close of business on February 9, 2019; 5,062,528 Debt Warrants can be exercised at a price of \$0.05 per Debt Warrant Share at any time until close of business on February 25, 2019; and 240,000 Debt Warrants can be exercised at a price of \$0.10 per Debt Warrant Share at any time until close of business on February 25, 2019.

On September 2, 2015, the Company closed a private placement of 3,333,333 non-flow-through units ("NFT Units A") at the price of US\$0.045 per NFT Unit A and an aggregate of 2,000,000 non-flow-through units ("NFT Units B") at the price of \$0.05 per NFT Unit B for gross proceeds of US\$150,000 and \$100,000 respectively. Each NFT Unit A and NFT Unit B consists one non-flow-through common shares and one non-flow-through common share purchase warrant ("Warrant"). One full Warrant allows the holder to acquire one non-flow-through (NFT) common share of the Company (a "Warrant Share") for a period of 36 months at an exercise price of US\$0.070 or Cdn\$0.075 (for NFT Unit A warrants) and Cdn\$0.075 (for NFT Unit B) per Warrant Share at any time until close of business on September 2, 2018. In addition, creditors, including Management and Directors, subscribed for 5,062,337 non-flow-through units ("Creditor Units") in settlement of total \$253,117 debts owed by the Company. Each Creditor Units consist of one non-flow-through common share and one non-flow-through common share purchase warrant (a "Warrant"). One full Warrant allows the holder to acquire one non-flow-through common share of the Company (a "Warrant Share") in a period of 36 months since closing date of the private placement, at an exercise price of \$0.075 per Warrant Share at any time until close of business on September 2, 2018.

In connection with the financing, the Company paid IBK Capital a cash commission of 8% of the funds raised and broker warrants of 8% of the NFT Units B, excluding the NFT Units A, through this offering. Each broker warrant allows the holder

to acquire one NFT Unit of the Company at an exercise price of \$0.05 per NFT Unit at any time until close of business on September 2, 2019.

Subsequent to the end of the quarter, on April 7, 2016 and April 8, 2016, the Company completed a brokered private placement of 909,091 flow-through units (“FT Units”) at a price of CDN\$0.055 per FT Unit and 2,354,548 non-flow-through units (“NFT Units”) at a price of CDN\$0.055 per NFT Unit, together for gross proceeds of CDN\$179,500. Each FT Unit consists of one common share of Augustine issued on a “flow-through” basis pursuant to the Income Tax Act (Canada) and one half of a non-flow-through common share purchase warrant of Augustine (“Half-Warrant”). Holders of Half-Warrants can acquire one non-flow-through common share of Augustine (“Common Share”) by using two (2) Half-Warrants for a period of 36 months from the date of issue at an exercise price of CDN\$0.08 per Common Share. Each NFT Unit consists of one Common Share and one non-flow-through common share purchase warrant of Augustine (“Warrant”). One Warrant allows the holder to acquire one Common Share for a period of 36 months from the date of issue at an exercise price of CDN\$0.08 per Common Share.

In connection with the Brokered Offering, Augustine has paid its broker a cash commission of 8% of the funds raised and broker warrants in the aggregate amount of 8% of the number of FT Units and NFT Units issued. Each broker warrant entitles the holder thereof to acquire one NFT Unit for a period of 48 months from the date of issue at an exercise price of \$0.055 per NFT Unit.

On April 8, 2016, through a non-brokered private placement the Company issued of 5,222,221 units (“WAW Units”) at a price of US\$0.045 for gross proceeds of US\$235,000 and 3,652,727 NFT WAW Units at a price of CDN\$0.055 for gross proceeds of \$200,900.

In addition, the Company issued in aggregate of 13,092,948 WAW Units to certain creditors of the Company in exchange for the cancellation of an aggregate \$720,112 in debt owing to the creditors. Some of the creditors are directors and/or officers of Augustine. Each WAW Unit consists of one Common Share and one Warrant. Each Warrant entitles the holder thereof to acquire one Common Share for a period of 36 months from the date of issue at an exercise price of CDN\$0.08 CDN per Common Share.

All securities issued pursuant to the offerings are subject to a statutory four (4) month hold period from their closing dates and to any and all necessary corporate and regulatory approvals.

The proceeds from this financing will be used for exploration purposes at Augustine’s Wawa Gold Project and for working capital purposes.

#### *Going Concern*

At present, the Company’s operations do not generate cash flow and its financial success is dependent on management’s ability to discover economically viable mineral deposits. The mineral exploration process can take many years and is subject to factors that are beyond the Company’s control. In order to continue as a going concern and to meet its corporate objectives, which primarily consist of exploration work on its mineral properties, the Company will require additional financing through debt or equity issuances or other available means. Although the Company has been successful in obtaining financing in the past, there is no assurance that the Company will be able to obtain adequate financing in the future or that such financing will be on terms advantageous to the Company. Management believes it will be able to raise equity capital as required in the long term, but recognizes there will be risks involved that may be beyond their control. The annual financial statements do not include any adjustments to the recoverability and classification of reduced asset amounts and classification of liabilities that might be necessary should the Company be unable to continue operations. These adjustments could be material. The Company is not subject to material externally imposed capital constraints.

## **SHARE CAPITAL**

As at April 27, 2016, the Company had the following outstanding share capital:

Common shares	102,557,061
Stock options	13,225,000
Warrants	60,075,725
Compensation warrants	2,055,491

Common shares summary:

Date	Description	Number
30-Nov-15	Balance	77,325,526
07-Apr-16	Private placement	3,263,639
08-Apr-16	Private placement	8,874,948
08-Apr-16	Debt settlement	13,092,948
27-Apr-16	Balance	<u>102,557,061</u>

Stock options summary:

Issue Date	Number	Exercise Price	Expiry Date
Apr. 30, 2013	2,325,000	\$0.10	Apr. 30, 2016
Sept. 10, 2014	5,600,000	\$0.065	Sept. 10, 2019
Jul. 16, 2015	5,300,000	\$0.065	Jul. 16, 2020

Total 13,225,000

Warrants summary:

Issue Date	Number	Exercise Price	Expiry Date
06-Mar-14	5,250,000	\$0.05	06-Mar-17
09-Feb-15	2,430,000	\$0.05	09-Feb-19
09-Feb-15	3,911,110	US\$0.045/\$0.05	09-Feb-19
09-Feb-15	7,009,428	\$0.10	09-Feb-19
25-Feb-15	1,000,000	US\$0.045/\$0.05	25-Feb-19
25-Feb-15	5,062,528	\$0.05	25-Feb-19
25-Feb-15	240,000	\$0.10	25-Feb-19
02-Sep-15	7,062,337	\$0.075	02-Sep-18
02-Sep-15	3,333,333	US\$0.070/\$0.075	02-Sep-18
07-Apr-16	2,809,093	\$0.080	07-Apr-19
08-Apr-16	21,967,896	\$0.080	08-Apr-19

Total 60,075,725

Compensation warrants summary:

Issue Date	Number (a)	Exercise Price	Expiry Date
22-Dec-10	492,000	\$0.20	note (b)
08-Feb-11	312,000	\$0.20	note (b)
23-Mar-11	216,000	\$0.20	note (b)
06-Mar-14	420,000	\$0.05	06-Mar-17
09-Feb-15	194,400	\$0.05	09-Feb-19
02-Sep-15	160,000	\$0.05	02-Sep-19
07-Apr-16	261,091	\$0.055	07-Apr-20

Total 2,055,491

(a) These compensation options were issued in conjunction with private placements that occurred on those dates. Each compensation option entitles the holder thereof to acquire one Unit at their respective exercise price consisting of one common share and one common share purchase warrant.

(b) For these 3 listed dates only, each compensation option entitles the holder thereof to acquire one Unit at an exercise price of \$0.20 per Unit (the "Unit") for a period of two years from the date that the Company completes either (i) a distribution to the public of common shares in Canada pursuant to a prospectus and the concurrent listing of the common shares for trading on a recognized stock exchange, or (ii) another transaction as a result of which all outstanding common shares, or the securities of another issuer issued in exchange for all such outstanding common shares, are traded on a recognized stock exchange and are freely tradable (subject to control block restrictions) (the "Liquidity Event").

Each Unit is comprised of one common share and one common share purchase warrant of the Company. Each warrant entitles the holder to purchase one additional common share of the Company at \$0.40 expiring two years from the Liquidity Event.

## OFF-BALANCE SHEET ARRANGEMENTS

The Company currently has no off-balance sheet arrangements or obligations other than mineral property option payments and exploration expenditures commitments.

## RELATED PARTY TRANSACTIONS

The Company's key management includes CEO, CFO, Directors and the Secretary of the Board. For disclosure purpose, Citabar and its key management are considered as the Company's related parties as well due to their significant shareholdings and/or abilities to contribute to the Company's decision making process. Transactions with related parties include:

- 1) Management fees to CEO, CFO, Secretary ;
- 2) Director fees to the directors of the Company;
- 3) Promissory notes with interest rate of 8% - 9% per annum issued to CEO, Citabar and key management of Citabar for the purpose of maintenance of the Company's operating cash requirements;

The amounts due to related parties are recorded at the exchange amounts as agreed upon by the related parties under contracts signed with them, non-interest bearing (except promissory notes), unsecured and with no fixed repayment terms.

The balances outstanding are as follows:

	As at	
	February 29, 2016	November 30, 2015
Management fees due to officers	\$ 229,250	\$ 216,250
Directors fees due to directors	70,432	31,182
Promissory notes <sup>1)</sup>	25,050	-
	\$ 324,732	\$ 247,432

- 1) On February 19, 2016, the Company issued \$25,000 promissory note to one of its related parties. \$50 interest on promissory notes accrued in the three months period ended February 29, 2016 (three months period ended February 28, 2015 - \$4,675).

For the three months period ended February 29, 2016 and February 28, 2015, total remuneration paid to key management personnel is as follows:

	For the three months ended	
	February 29, 2016	February 28 2015
Management fees <sup>1)</sup>	\$ 17,261	\$ 19,500
Director fees	39,250	12,500
	\$ 56,511	\$ 32,000

- 1) \$5,261 of the management fee paid to the CEO in the three months period ended February 29, 2016 (three months period ended February 28, 2015 - \$7,500) were related to the managing activities of the exploration and evaluation activities and recorded as exploration costs.

In the three months period ended February 29, 2016 \$Nil of directors fees was settled through issuance of the Company's common shares. During the three months period ended February 28, 2015, directors and officers of the Company subscribed in total to 6,684,427 units issued through private placements that closed in February 2015, at the price of \$0.05 per unit (same price as the Company issued financing units to third parties in settlement of debt), in settlement of total debt of \$334,221 including unpaid director fees, management fees and outstanding promissory notes payables with no gain or loss incurred on debt settlement.

## **PROPOSED TRANSACTIONS**

As is typical of the mineral exploration and evaluation industry, the Company continues to review property and competitor the Company information in search of future opportunities in terms of new property acquisitions and business partnerships. Although no transactions are in progress currently, the Company endeavors to continue research into potential opportunities and to keep business relationships open should opportunities arise.

## **CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS AND ACCOUNTING POLICIES**

### **Critical Accounting Estimates**

- (i) Impairment of assets - when there are indications that an asset may be impaired, management is required to estimate the asset's recoverable amount. Recoverable amount is the greater of value in use and fair value less disposal costs. Determining the value in use requires the Company to estimate expected future cash flows associated with the assets and a suitable discount rate in order to calculate present value.
- (ii) Share based payments and warrant valuation – management is required to make a number of estimates when determining the compensation expense resulting from share based transactions, including the forfeiture rate and expected life of the instruments. The inputs used in valuation of warrants also require management to make assumptions.
- (iii) Provision for decommissioning liabilities - Decommissioning liabilities are setup based on the estimated settlement amounts. Assumptions, based on the current economic environment, have been made which management believes are a reasonable basis upon which to estimate the future liability. These estimates take into account any material changes to the assumptions that occur when reviewed regularly by management. Estimates are reviewed quarterly and are based on current regulatory requirements. Significant changes in estimates of contamination, restoration standards and techniques will result in changes to provisions on a quarterly basis. Actual rehabilitation costs will ultimately depend on the actual future settlement amount for the rehabilitation costs which will reflect the market condition at the time the rehabilitation costs are actually incurred. The final cost of the currently recognized rehabilitation provisions may be higher or lower than currently provided for.
- (iv) Useful life of assets subject to depreciation - The Company reviews at the end of each reporting period the useful life of assets subject to depreciation

### **Critical accounting judgments**

- (i) Income taxes - measurement of income taxes payable and deferred income tax assets and liabilities requires management to make judgments in the interpretation and application of the relevant tax laws. The actual amount of income taxes only becomes final upon filing and acceptance of the tax return by the relevant authorities, which occurs subsequent to the issuance of the financial statements.
- (ii) Going concern assumption - Going concern presentation of the financial statements which assumes that the Company will continue in operation for the foreseeable future and will be able to realize its assets and discharge its liabilities in the normal course of operations as they come due.
- (iii) Judgment in assessing existence of impairment indicators - The impairment of the amounts shown for exploration and evaluation assets requires the judgment in determining if there are impairment indicators.

### **Accounting policies**

Please refer to the Company's audited financial statements for a full discussion of its significant accounting policies.

## CHANGES IN ACCOUNTING POLICIES INCLUDING INITIAL ADOPTION

### *Future accounting changes*

At the date of authorization of these Financial Statements, the IASB and IFRIC has issued the following new and revised Standards and Interpretations which are not yet effective for the relevant reporting periods and which the Company has not early adopted these standards, amendments and interpretations. However the Company is currently assessing what impact the application of these standards or amendments will have on the consolidated financial statements of the Company.

IFRS 9 'Financial Instruments: Classification and Measurement' – effective for annual periods beginning on or after January 1, 2018, with early adoption permitted, introduces new requirements for the classification and measurement of financial instruments.

## FINANCIAL INSTRUMENTS AND RISK EXPOSURES

The Company's financial instruments consist of cash and cash equivalents, restricted cash, sundry receivables, accounts payable and accrued liabilities, due to related parties and derivative warrant liabilities.

Financial assets and financial liabilities were as follows:

	As at February 29, 2016				As at November 30, 2015			
	Other liabilities (\$)	Loans and receivables (\$)	Assets/(liabilities) at fair value through profit/loss (\$)	Total	Other liabilities (\$)	Loans and receivable s (\$)	Assets/(liabilities) at fair value through profit/loss (\$)	Total
Cash and cash equivalents	-	-	15,189	15,189	-	-	89,275	89,275
Sundry receivables	-	37,031	-	37,031	-	42,611	-	42,611
Trade and other payables	301,954	-	-	301,954	304,264	-	-	304,264
Restricted cash	-	-	10,000	10,000	-	-	10,000	10,000
Due to related parties	324,373	-	-	324,373	247,432	-	-	247,432
Derivative warrant liabilities	-	-	194,534	194,534	-	-	194,534	194,534

The fair values of sundry receivables and accounts payable and accrued liabilities approximate their carrying values due to the relatively short periods to maturity of these instruments. Included as part of the due to related parties amounts as at February 29, 2016 are notes payable bearing interest rates of 8-9% per annum and have not been repaid (November 30, 2015: Nil). The remaining due to related parties amounts bear no interest, have no specific terms of repayment and are due on demand. The fair values of these amounts have not been disclosed because the cash flow streams of the related party amounts are not determinable. Derivative warrant liabilities represent the fair value of warrants issued with embedded derivatives and revalued as at February 29, 2016. \$Nil gain on revaluation of the warrants issued with embedded derivatives was recorded into profit and loss for the three months period ended February 29, 2016 (for the year ended November 30, 2015: \$1,666).

The Company's activities expose it to a variety of financial risks: currency risk, credit risk, liquidity risk, interest rate risk and market risk, which includes commodity and equity price risks. Risk management is carried out by the Company's management with guidance from the Audit Committee.

### *Currency risk*

As the majority of the Company's expenditures are in Canadian dollars, the Company limits its exposure to currency risk by maintaining its cash and cash equivalents in Canadian dollars.

### *Credit risk*

Credit risk is the risk of an unexpected loss if a customer or third party to a financial instrument fails to meet its contractual obligations. The Company's cash is mainly held through a chartered Canadian financial institution.

The majority of the Company's sundry receivables are comprised of sales tax refunds due from government authorities in Canada and deposits held with service providers in the form of advances. The tax receivable is in good standing and was not past due as of February 29, 2016. Management believes that the credit risk concentration with respect to this financial instrument is low.

The carrying amount of financial assets recorded in the financial statements represents the Company's maximum exposure to credit risk.

#### *Liquidity risk*

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they become due, or can only do so at excessive cost. As at February 29, 2016, the Company had a working capital deficiency of \$531,139 (November 30, 2015 - \$401,432). It is management's opinion that the Company is exposed to liquidity risk in that it had a working capital deficiency; however, it continues its discussions with its creditors to delay formal demands for payment of their receivables.

#### *Interest rate risk*

Interest rate risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Company is not exposed to interest rate risk due to the short-term nature of its financial instruments.

#### *Commodity price and equity price risk*

The Company is not exposed to commodity price risk with respect to prices for gold and other precious metals because the Company is not in the production stage and the Company does not hold any of above commodities. The Company is also not exposed to equity price risk because it does not hold any investment in marketable securities that are subject to equity price fluctuation.

#### *Sensitivity analysis*

The Company believes the sensitivity to a plus or minus 1% change in interest rates would not have a significant impact on the reported net loss for the three months period ended February 29, 2016 because other than the related party loans, which have a fixed interest term, none of the Company's assets or liabilities bear interest.

### **RISK FACTORS**

#### *Natural resource sector*

Investments in natural resource companies involve a significant degree of risk. The degree of risk increases substantially where the Company's properties are in the exploration as opposed to the development stage. The Company's property is in the exploration stage and is without a known body of commercial ore. The proposed exploration programs are for exploratory searches for ore.

#### *Exploration and evaluation*

Mineral exploration and evaluation involves a high degree of risk and few properties which are explored are ultimately developed into producing mines.

With respect to the Company's properties, should any ore reserves exist, substantial expenditures will be required to confirm ore reserves which are sufficient to commercially mine its current properties, and to obtain the required environmental approvals and permitting required to commence commercial operations. Should any resource be defined on such properties there can be no assurance that the mineral resources on such properties can be commercially mined or that the metallurgical processing will produce economically viable saleable products. The decision as to whether a property contains a commercial mineral deposit and should be brought into production will depend upon the results of exploration programs and/or feasibility studies, and the recommendations of duly qualified engineers and/or geologists, all of which involves significant expense. This decision will involve consideration and evaluation of several significant factors including, but not limited to: (1) costs of bringing a property into production, including exploration and development work, preparation of production feasibility studies and construction of production facilities; (2) availability and costs of financing; (3) ongoing costs of production; (4) market prices for the minerals to be produced; (5) environmental compliance regulations and restraints (including potential environmental liabilities associated with historical exploration activities); and (6) political climate and/or governmental regulation and control.

The ability of the Company to sell, and profit from the sale of any eventual production from any of the Company's properties will be subject to the prevailing conditions in the marketplace at the time of sale. The global ore marketplace is unregulated and subject to changing attitudes of consumers and other end-users on the basis of economic conditions. Many of these factors are beyond the control of the Company therefore represent a market risk which could impact the long term viability of The Company and its operations.

### *Flow through shares of the Company*

Flow through shares are intended to provide to the holders who acquire such shares certain Canadian income tax benefits as described herein. In the event that the Company does not incur sufficient expenditures as eligible CEE within the time specified in the agreements between the Company and such holders, such holders will not receive all or a portion of such benefits at all or for a particular taxation year when they expected to use such benefits. The factors that could contribute to the Company not incurring sufficient CEE include the potential lack of drilling equipment and the shortage of labour.

### *Capitalization and commercial viability*

The Company will require additional funds to further explore and, if successful, develop and mine the Surluga Property and any additional properties that may be acquired. The Company may not have sufficient funds to carry out the completion of its exploration program, and may have to obtain other financing or raise additional funds. The Company has limited financial resources, and there is no assurance that additional funding will be available to the Company to carry out the completion of all the activities of its exploration program, for additional exploration or for the substantial capital that is typically required in order to place a property into commercial production. There can be no assurance that the Company will be able to obtain adequate financing in the future or that the terms of such financing will be favourable. Failure to obtain such additional financing could result in the delay or indefinite postponement of further exploration and evaluation of its properties.

### *Title matters*

While the Company has performed its own due diligence with respect to title of the Surluga Property, this should not be construed as a guarantee of title. The Surluga Property may be subject to prior unregistered agreements of transfer or aboriginal land claims, and title may be affected by undetected defects.

### *Competition*

Significant and increasing competition exists for mining opportunities internationally. There are a number of large established mining companies with substantial capabilities and far greater financial and technical resources than the Company. The Company may be unable to acquire additional attractive mining properties on terms it considers acceptable and there can be no assurance that the Company's exploration and acquisition programs will yield any new reserves or result in any commercial mining operation.

### *Conflicts of interest*

Certain directors and officers of the Company are, and may continue to be, involved in the mining and mineral exploration industry through their direct and indirect participation in corporations, partnerships or joint ventures which are potential competitors of the Company. Situations may arise in connection with potential acquisitions in investments where the other interests of these directors and officers may conflict with the interests of the Company. Directors and officers of the Company with conflicts of interest will be subject to and will follow the procedures set out in applicable corporate and securities legislation, regulation, rules and policies.

### *No history of earnings*

The Company has no history of earnings, and there is no assurance that the Surluga Property or any other mineral properties that it may acquire will generate earnings, operate profitably or provide a return on investment in the future. The Company has not paid dividends in the past and has no plans to pay dividends for the foreseeable future. The future dividend policy of the Company will be determined by its directors.

### *Potential profitability depends upon factors beyond the control of the Company*

The potential profitability of mineral properties is dependent upon many factors beyond the Company's control. For instance, world prices of and markets for ore are unpredictable, highly volatile, potentially subject to governmental fixing, pegging and/or controls and respond to changes in domestic, international, political, social and economic environments. Another factor is that rates of recovery of ore may vary from the rate experienced in tests and a reduction in the recovery rate will adversely affect profitability and, possibly, the economic viability of a property. Profitability also depends on the costs of operations, including costs of labour, equipment, electricity, environmental compliance or other production inputs. Such costs will fluctuate in ways the Company cannot predict and are beyond the Company's control, and such fluctuations will impact on profitability and may eliminate profitability altogether. Additionally, due to worldwide economic uncertainty, the availability and cost of funds for development and other costs have become increasingly difficult, if not impossible, to project. These changes and events may materially affect the financial performance of the Company.

### *Environmental risks and other regulatory requirements*

The current or future operations of the Company require permits from various federal and local governmental authorities, and such operations are and will be governed by laws and regulations governing prospecting, development, mining, production, taxes, labour standards, occupational health, waste disposal, toxic substances, land use, environmental protection, mine safety and other matters. Companies engaged in the development and operation of mines and related facilities generally experience increased costs and delays in production and other schedules as a result of the need to comply with the applicable laws, regulations and permits. There can be no assurance that all permits which the Company may require for the construction of mining facilities and conduct of mining operations will be obtainable on reasonable terms or that such laws and regulations would not have an adverse effect on any mining project which the Company might undertake. Failure to comply with applicable laws, regulations and permitting requirements may result in enforcement actions including orders issued by regulatory or judicial authorities causing operations to cease or be curtailed, and may include corrective measures requiring capital expenditures, 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 the mining activities and may have civil or criminal fines or penalties imposed upon them for violation of applicable laws or regulations. Amendments to current laws, regulations and permits governing operations and activities of mining companies, or more stringent implementation thereof, could have a material adverse impact on the Company and cause increases in capital expenditures or production costs or reduction in levels of production at producing properties or require abandonment or delays in the development of new mining properties.

### *Operating hazards and uninsurable risks*

In the course of exploration, development and production of mineral properties, certain risks, including unexpected or unusual geological operating conditions including rock bursts, cave-ins, fires, flooding and earthquakes, may occur. It is not always possible to fully insure against such risks, and the Company may decide not to take out insurance against such risks as a result of high premiums or other reasons. Should such liabilities arise they could reduce or eliminate any future profitability and result in an increase in costs and a decline in value of the securities of the Company.

The Company is not insured against most environmental risks. Insurance against environmental risks (including potential liability for pollution or other hazards as a result of the disposal of waste products occurring from exploration and production) has not been generally available to companies within the industry. The Company periodically evaluates the cost and coverage of the insurance against certain environmental risks that is available to determine if it would be appropriate to obtain such insurance. Without such insurance, and if the Company becomes subject to environmental liabilities, the payment of such liabilities would reduce or eliminate its available funds or could exceed the funds the Company has to pay such liabilities and result in bankruptcy. Should the Company be unable to fund fully the remedial cost of an environmental problem, it might be required to enter into interim compliance measures pending completion of the required remedy.

### *Foreign countries and regulatory requirements*

The Company may acquire properties located in other countries where mineral exploration activities may be affected by varying degrees of political instability and haphazard changes in government regulations such as tax laws, business laws and mining laws. Any changes in regulations or shifts in political conditions would be beyond the control of the Company and may adversely affect its business. Operations may be affected in varying degrees by government regulations with respect to restrictions on production, price controls, export controls, income taxes, expropriation of property, environmental legislation, and mine safety.

### *Currency fluctuations*

The Company maintains its accounts in Canadian currency. If the Company acquires properties in other countries, its operations may be subject to foreign currency fluctuations and such fluctuations may materially affect the Company's financial position and results. The Company does not engage in currency hedging activities.

### *First Nations Issues*

The Company had received a written letter of support in 2013 from the Michipicoten First Nation which is local to the Company's Surluga Project. The Company's management regularly consults with and informs the local Michipicoten First Nation regarding any issues that may have an impact on them, and has received continued support for the Company's current and proposed future activities. In summer of 2015, Batchewana First Nation sent letters to both Company and Red Pine asserting its rights with respect to the requirement to consult on exploration activities and an introductory meeting was held in September 2015. It is understood that the rights to consultation are being contested by the Michipicoten First Nation. In the interim, exploration permits continue to be granted to Company based on the consultations with the Michipicoten First Nation. However, unforeseen circumstances in the future could potentially have an effect on the Company's operations.

## DISCLOSURE OF INTERNAL CONTROLS AND PROCEDURES

Management has established processes to provide them sufficient knowledge to support representations that they have exercised reasonable diligence that (i) the unaudited condensed interim financial statements do not contain any untrue statement of material fact or omit to state a material fact required to be stated or that is necessary to make a statement not misleading in light of the circumstances under which it is made, as of the date of and for the period presented by the unaudited condensed interim financial statements, and (ii) the unaudited condensed interim financial statements fairly present in all material respects the financial condition, financial performance and cash flow of the Company, as of the date of and for the period presented.

In contrast to the certificate required for non-venture issuers under National Instrument 52-109, *Certification of Disclosure in Issuers' Annual and Interim Filings* (NI 52-109), the Venture Issuer Basic Certificate does not include representations relating to the establishment and maintenance of disclosure controls and procedures (DC&P) and internal control over financial reporting (ICFR), as defined in NI 52-109. In particular, the certifying officers filing this certificate are not making any representations relating to the establishment and maintenance of:

- i. controls and other procedures designed to provide reasonable assurance that information required to be disclosed by the issuer in its annual filings, interim filings or other reports filed or submitted under securities legislation is recorded, processed, summarized and reported within the time periods specified in securities legislation; and
- ii. a process to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with the issuer's GAAP.

The issuer's certifying officers are responsible for ensuring that processes are in place to provide them with sufficient knowledge to support the representations they are making in the certificate. Investors should be aware that inherent limitations on the ability of certifying officers of a venture issuer to design and implement on a cost effective basis DC&P and ICFR as defined in NI 52-109 may result in additional risks to the quality, reliability, transparency and timeliness of interim and annual filings and other reports provided under securities legislation.

## SUBSEQUENT EVENTS

### *Reinstatement of management fees and grant of performance bonus*

On June 1, 2013, an agreement signed by the key management of the Company, pursuant which the key management of the Company agreed to a reduction of one half on their regular compensation package since June 1, 2013. According to the agreement, the management fee would be resumed to its regular level and the forgone fees became payable once the Company receives sufficient fund to meet the criteria of earning 60% interest in the Wawa Gold Project, which was achieved through an JV agreement signed on August 7, 2015.

Pursuant to a resolution of the Committee of Compensation of the Company's Board of Directors dated March 24, 2016 and the secured final commitment on a private placement to be closed in early April 2016, the Company decided to resume the management fee to its regular level start from April 1, 2016 and at the same time to book all forgone management fees of \$221,000 from June 1, 2013 to March 31, 2016 as payables to the key management.

Pursuant to a resolution of the Compensation Committee of the Company's Board of Directors, \$35,000 bonus in total was granted to the Company's CEO and Chairman.

### *Issuance of promissory note*

On March 28, 2016, the Company issued a promissory note (the "Note") to one of the Company's related parties in the amount of \$330,000, bearing annual interest of 8% payable on the first day of each month due. The Note has a maturity date of March 28, 2017 and is secured by general security agreement. On April 8, 2016, the Note was settled through issuance of WAW Units (see below).

### *Private placement*

On April 7, 2016 and April 8, 2016, the Company completed a brokered private placement of 909,091 flow-through units ("FT Units") at a price of CDN\$0.055 per FT Unit and 2,354,548 non-flow-through units ("NFT Units") at a price of CDN\$0.055 per NFT Unit, together for gross proceeds of CDN\$179,500. Each FT Unit consists of one common share of Augustine issued on a "flow-through" basis pursuant to the Income Tax Act (Canada) and one half of a non-flow-through common share purchase warrant of Augustine ("Half-Warrant"). Holders of Half-Warrants can acquire one non-flow-through common share of

Augustine (“Common Share”) by using two (2) Half-Warrants for a period of 36 months from the date of issue at an exercise price of CDN\$0.08 per Common Share. Each NFT Unit consists of one Common Share and one non-flow-through common share purchase warrant of Augustine (“Warrant”). One Warrant allows the holder to acquire one Common Share for a period of 36 months from the date of issue at an exercise price of CDN\$0.08 per Common Share.

In connection with the Brokered Offering, Augustine has paid its broker a cash commission of 8% of the funds raised and broker warrants in the aggregate amount of 8% of the number of FT Units and NFT Units issued. Each broker warrant entitles the holder thereof to acquire one NFT Unit for a period of 48 months from the date of issue at an exercise price of \$0.055 per NFT Unit.

On April 8, 2016, through a non-brokered private placement the Company issued of 5,222,221 units (“WAW Units”) at a price of US\$0.045 for gross proceeds of US\$235,000 and 3,652,727 NFT WAW Units at a price of CDN\$0.055 for gross proceeds of \$200,900.

In addition, the Company issued in aggregate of 13,092,948 WAW units to certain creditors of the Company in exchange for the cancellation of an aggregate \$720,112 in debt owing to the creditors. Some of the creditors are directors and/or officers of Augustine. Each WAW Unit consists of one Common Share and one Warrant. Each Warrant entitles the holder thereof to acquire one Common Share for a period of 36 months from the date of issue at an exercise price of CDN\$0.080 CDN per Common Share.

All securities issued pursuant to the offerings are subject to a statutory four (4) month hold period from their closing dates and to any and all necessary corporate and regulatory approvals.

The proceeds from this financing will be used for exploration purposes at Augustine’s Wawa Gold Project and for working capital purposes.

#### *Settlement of liability*

Subsequent to the end of quarter, the Company settled its obligation of \$200,000 owing to its former CEO by making a lump sum payment of \$175,000 for full and final settlement.