



## COPPERBANK ANNOUNCES ACQUISITION OF REDHAWK RESOURCES

Vancouver, BC – June 25, 2018 – COPPERBANK RESOURCES CORP. (CSE: CBK) (“CopperBank” or the “Company”) is pleased to announce the execution of a definitive arrangement agreement (“Arrangement Agreement”) pursuant to which CopperBank will acquire all of the issued and outstanding shares of Redhawk Resources, Inc. (TSXV: RDK.H) (“Redhawk”) (the “Transaction”).

CopperBank’s acquisition of Redhawk and its Copper Creek Project (“Copper Creek”), located in Arizona, represents a further continuation of the Company’s copper consolidation business model and increases the Company’s portfolio of copper development projects in the United States to four. The acquisition will be effected by way of a plan of arrangement completed under the Business Corporations Act (*British Columbia*) (the “Plan of Arrangement”) wherein CopperBank will acquire all of the issued and outstanding shares of Redhawk in consideration for the issuance to each Redhawk shareholder of approximately 0.929 shares of CopperBank for each Redhawk share held. Upon completion of the Transaction, Redhawk will be a subsidiary of CopperBank, and CopperBank will be owned approximately 75% by current CopperBank shareholders and 25% by former Redhawk shareholders.

Giulio T. Bonifacio, President & CEO of CopperBank, commented, “We believe the Transaction creates excellent value for the shareholders of both CopperBank and Redhawk, and we look forward to working with the Redhawk team to integrate their Copper Creek project into our portfolio of diversified copper assets in the United States. This Transaction is consistent with our consolidation strategy of making accretive acquisitions of advanced stage projects in mining-friendly jurisdictions that possess significant resources with considerable exploration upside. Copper Creek’s large land package has not been fully explored with resources open in all directions and several drill ready targets yet to be tested.”

Gianni Kovacevic, Executive Chairman of CopperBank, added, “We see great potential in the future upside of copper as global growth spurs demand and the electrification of our economy continues. Although the copper price has performed well of late, copper equities have lagged behind and in our view continue to remain undervalued. Our strategy remains to consolidate resource and development stage projects with ‘pounds in the ground’ optionality in light of our positive outlook for copper in the coming years.”

Stephen Barley, Executive Chairman of Redhawk, commented, “This Transaction provides Redhawk shareholders with the opportunity to gain exposure to CopperBank’s unique suite of promising assets, while maintaining leverage to Copper Creek as continued shareholders in the new Company. Giulio Bonifacio’s experience in exploring, developing and permitting US-based copper projects will leave CopperBank well positioned during a time of anticipated growth in copper demand.”

## Transaction Highlights:

- **Large US portfolio of copper development projects:** The combined Company will hold a significant growth pipeline of four US-based assets, including:
  - (i) 100% owned Contact Copper project, a pre-feasibility stage copper oxide project located on private lands in Nevada;
  - (ii) 100% controlled resource-stage Pyramid project located in Alaska, which was the subject of an updated resource estimate in January 2018;
  - (iii) 100% controlled prospective San Diego Bay project, a high-priority exploration copper-gold asset in Alaska; and
  - (iv) Redhawk's Copper Creek project in Arizona, for which a Preliminary Economic Assessment ("PEA") was completed in October 2013. Copper Creek has been the subject of over \$80 million in historic expenditures, with over 200,000 meters of drilling completed by Redhawk and other previous owners; its stage of development is complementary to CopperBank's existing suite of assets.
- **Located in a Tier 1 mining-friendly jurisdiction:** The Copper Creek copper-molybdenum project consists of approximately 16 square miles of contiguous patented and unpatented mining claims and state prospecting permits, located near San Manuel, Arizona, about 110km north-east of Tucson and proximal to existing significant mining projects in the region, including Freeport-McMoRan's Miami, Morenci and Safford projects, Rio Tinto's Resolution project, Capstone's Pinto Valley project and Hudbay's Rosemont project. The Company's combined post-Transaction asset base will be located in Alaska, Nevada and Arizona, within supportive communities in mining-friendly jurisdictions with a long-standing history of mining.
- **Pipeline of growth assets with prospective exploration potential:** Redhawk's Copper Creek project, along with CopperBank's existing Pyramid and Contact copper projects and San Diego Bay copper-gold project, all possess untested exploration upside to further add to existing resources while presenting additional opportunities for optimization.
- **Premier copper optionality company:** The business combination will create a leading copper focused explorer and developer during a time of encouraging supply and demand fundamentals.
- **In-state development and capital markets experience:** Senior management of CopperBank have a proven track record of systematically advancing projects through the development phase, inclusive of permitting, and possess considerable capital markets experience.
- **Strategic platform for further consolidation:** The Transaction results in a strengthened platform to continue to evaluate and consolidate additional prospective, domestic copper projects and other energy metals assets in the United States and elsewhere in the Americas.
- **Significant copper resources:** In addition to the estimated mineral resources on CopperBank's current properties, the Copper Creek project hosts historic mineral resources, including estimated Measured & Indicated resources of approximately 4.4 billion pounds of copper (a total of 501.2 million tons at 0.44% copper, consisting of Measured resources of 45.5 million tons at 0.72% copper, and Indicated resources of 456.7 million tons at 0.42% copper) plus additional Inferred resources of approximately 3.3 billion pounds of copper (481.3 million tons at 0.34% copper).

For additional information on the foregoing historical mineral resource estimate, including cautions for the reader, see note.

**Note:** The foregoing historical mineral resource estimate (the “Historical Estimate”) was published in a technical report titled “Copper Creek 2012 Mineral Resource Update, Pinal County, Arizona, USA, Technical Report” prepared for Redhawk by Independent Mining Consultants Inc., dated and filed by Redhawk on SEDAR on June 25, 2012. A qualified person (as defined in National Instrument 43-101 (“NI 43-101”)), has not done sufficient work to classify the foregoing historical estimate as current mineral resources or reserves, and CopperBank is not treating the estimate as current mineral resources or reserves.

The Historical Estimate was calculated using a 0.20% copper equivalent (“CuEq”) cut-off grade. The Historical Estimate is based on metal prices of US\$3.00/lb CuEq and contained within an open pit geometry using industry comparable estimates for direct mining, milling, and G&A costs. The ratios for calculating CuEq are based upon US\$2.75/lb Cu, US\$12.00/lb Mo, and US\$20.00/oz Ag and recoveries of 90% for Cu, 80% for Mo, and 90% for Ag.

Because the Historical Estimate was completed relatively recently in 2012 and in compliance with the definitions for mineral resource categorization set out by the Canadian Institute of Mining, Metallurgy and Petroleum, and disclosed in a technical report conforming to the requirements of NI 43-101, CopperBank is of the view that the Historical Estimate is generally reliable and relevant to an evaluation of the property, however CopperBank has not completed any independent verification of the Historical Estimate. In order to verify the Historical Estimate as current, a qualified person (as defined in NI 43-101) would have to conduct a site visit on behalf of CopperBank and complete standard data verification procedures.

CopperBank intends to complete additional resource expansion drilling on Copper Creek for purposes of increasing and upgrading the mineral resource prior to completion of a new mineral resource estimate.

Subsequent to the Historical Estimate, Redhawk published a technical report titled “Redhawk Copper, Inc., Copper Creek Project, Preliminary Economic Assessment, 25,000 TPD Mill with an Underground Mine for Development of the Copper Creek Resource”, prepared by Mr. Joseph M. Keane, P.E.; Mr. Herb Welhener, MMSA-QPM; Mr. Steve Milne, P.E.; Mr. Gene Muller, P.E; Mr. David Nicholas and SGS Metcon/KD Engineering dated July 25, 2013, amended October 28, 2013 (the “PEA Technical Report”). The PEA Technical Report contained a mineral resource estimate that related solely to the portion of the Copper Creek deposit amenable to underground mining pursuant to the mine plan set out in the PEA Technical Report, using a 0.55% CuEq cut-off, which consisted of Indicated resources totaling approximately 2.1 billion lbs CuEq (132.0 million tons @ 0.79% CuEq) plus an Inferred resource of approximately 1.1 billion lbs CuEq (74.1 million tons @ 0.74% CuEq) based on metal prices of US\$3.00/lb CuEq. The ratios for calculating CuEq are based upon US\$2.75/lb Cu, US\$12.00/lb Mo, and US\$20.00/oz Ag and recoveries of 90% for Cu, 80% for Mo, and 90% for Ag.

## **Transaction Details**

Under the terms of the Arrangement Agreement, Redhawk shareholders will receive approximately 0.929 shares of CopperBank for each share of Redhawk held (the “**Exchange Ratio**”). It is anticipated that on the closing of the Transaction, an aggregate of 66,152,977 common shares of CopperBank will be issued to Redhawk shareholders and in settlement of certain finder’s fees incurred by Redhawk in connection with the Transaction. Outstanding warrants of Redhawk will be adjusted in accordance with their terms to account for the Exchange Ratio. Outstanding stock options of Redhawk will continue, following

adjustment to account for the Exchange Ratio, for the lesser of their existing term or six (6) months following the closing of the Transaction.

The Transaction will be carried out by way of a court-approved Plan of Arrangement and will be subject to the approval of Redhawk shareholders at a special meeting of Redhawk shareholders (the “**Redhawk Meeting**”) scheduled to be held on or about August 13, 2018. In order to obtain the required shareholder approval, a favourable vote of 66 2/3% of the votes cast at the Redhawk Meeting, together with majority of the minority approval in accordance with Multilateral Instrument 61-101 – *Protection of Minority Security Holders in Special Transactions* (“**MI 61-101**”) (collectively, the “**Shareholder Approval**”). The Transaction is also subject to receipt of applicable regulatory, court and stock exchange approvals, and the satisfaction of other closing conditions customary for transactions of this nature.

CopperBank has also agreed to advance Redhawk \$200,000 by way of a secured bridge loan (the “**Bridge Loan**”) to cover expenses incurred by Redhawk prior to closing of the Transaction which, when combined with the certain debt settlements by Redhawk, will result in Redhawk’s liabilities as of the date hereof being restricted to trade payables of less than \$125,000. The Bridge Loan will accrue interest at the rate of 5% percent per annum and mature on the earliest to occur of (i) the termination of the Arrangement Agreement prior to the completion of the Transaction, (ii) five business days following the completion of the Transaction, and (iii) the occurrence of an event of default as defined in the promissory note evidencing the Bridge Loan (the “**Note**”). Redhawk has granted a security interest in all of its present and after acquired personal property to secure its obligations under the Note.

The Arrangement Agreement includes customary provisions, including non-solicitation, right to match and fiduciary-out provisions, as well as standard representations, covenants and conditions for a transaction of this nature. Both parties have agreed to a termination fee upon the occurrence of certain terminating events, which in the case of Redhawk shall be a \$400,000 cash payment to CopperBank, and in the case of CopperBank shall be forgiveness of the Bridge Loan that was advanced to Redhawk.

On completion of the Transaction, it is expected that Redhawk’s common shares will be delisted from NEX and that CopperBank will apply to cause Redhawk to cease to be a reporting issuer under applicable Canadian securities laws.

Certain shareholders, including directors and officers, of Redhawk, holding a total of 14.4% of the outstanding Redhawk common shares, have entered into voting and support agreements to, amongst other things, vote their shares held in favour of the Transaction.

The boards of directors of both Redhawk and CopperBank have each determined that the proposed Transaction is in the best interest of their respective companies, supported by advice from their financial and legal advisors, as applicable, and have each unanimously approved the Transaction. The board of directors of Redhawk recommend that their shareholders vote in favour of the Transaction at the Redhawk Meeting.

Full details of the arrangement will be included in a management information circular to be filed by Redhawk with regulatory authorities and mailed to shareholders in accordance with applicable securities laws.

The Transaction is expected to be completed by mid-August, 2018 or such other date as the parties may agree.

## **Advisors and Counsel**

Haywood Securities Inc. is acting as financial advisor and Maxis Law Corporation is acting as legal counsel to CopperBank.

Evans & Evans, Inc. has provided a fairness opinion to the board of directors of Redhawk that, as of the date thereof and subject to the assumptions, limitations and qualifications set out therein, the transaction is fair, from a financial point of view, to the shareholders of Redhawk. Bennett Jones LLP is acting as legal counsel to Redhawk.

## **Qualified Persons and Technical Information**

Brigitte Dejou, P.Eng., a director of CopperBank and a Qualified Person as defined by NI 43-101, has reviewed and approved the Copperbank technical information in this news release.

R. Joe Sandberg, President and CEO of Redhawk and a Qualified Person as defined by NI 43-101, has reviewed and approved the Redhawk technical information in this news release.

## **COPPERBANK RESOURCES CORP.**

Giulio T. Bonifacio – President & CEO

### **Contact Information**

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### **Cautionary and Forward-Looking Information**

*Certain information and statements in this news release may be considered forward-looking information or forward-looking statements for purposes of applicable securities laws (collectively, “**forward-looking statements**”), which reflect the expectations of management regarding its disclosure and amendments thereto. Forward-looking statements consist of information or statements that are not purely historical, including any information or statements regarding beliefs, plans, expectations or intentions regarding the future. Such information or statements may include, but are not limited to, statements with respect to the timing of the Redhawk shareholder meeting, the completion of the Transaction within the expected time or at all, any future acquisitions by the Company, the expected benefits of the Transaction, future metals prices or future economic conditions generally. Such statements are subject to risks and uncertainties that may cause actual results, performance or developments to differ materially from those contained in the statements. No assurance can be given that any of the events anticipated by the forward-looking statements will occur or, if they do occur, what benefits CopperBank will obtain from them. These forward-looking statements reflect management's current views and are based on certain expectations, estimates and assumptions, which may prove to be incorrect. A number of risks and uncertainties could cause our actual results to differ materially from those expressed or implied by the forward-looking statements, including without limitation: (1) the risk that the Transaction is not completed within the anticipated time or at all, (2) the risk that*

*necessary approvals are not obtained, (3) the risk that the Transaction does not provide a strategic platform for further acquisitions or does not provide other anticipated benefits, (4) the risk that any forward looking statements may prove to be inaccurate and (5) other factors beyond CopperBank's control. These forward-looking statements are made as of the date of this news release and, except as required by applicable securities laws, CopperBank does not assume any obligation to update these forward-looking statements, or to update the reasons why actual results differed from those projected in the forward-looking statements. Additional information about these and other assumptions, risks and uncertainties are set out in the "Risks and Uncertainties" section in the most recent MD&A filed with Canadian security regulators for each of CopperBank and Redhawk.*