

**Report of Organizational Actions  
 Affecting Basis of Securities**

▶ See separate instructions.

**Part I Reporting Issuer**

<b>1</b> Issuer's name  GFG Resources Inc.		<b>2</b> Issuer's employer identification number (EIN)  98-1376850	
<b>3</b> Name of contact for additional information  Rick Johnson	<b>4</b> Telephone No. of contact  (306) 986-9048	<b>5</b> Email address of contact  rick@gfgresources.com	
<b>6</b> Number and street (or P.O. box if mail is not delivered to street address) of contact  202 - 640 Broadway Avenue		<b>7</b> City, town, or post office, state, and ZIP code of contact  Saskatoon, SK, Canada S7N 1A9	
<b>8</b> Date of action  February 28, 2018		<b>9</b> Classification and description  Common Shares	
<b>10</b> CUSIP number  36165F	<b>11</b> Serial number(s)  N/A	<b>12</b> Ticker symbol  TSXV: GFG	<b>13</b> Account number(s)  N/A

**Part II Organizational Action** Attach additional statements if needed. See back of form for additional questions.

**14** Describe the organizational action and, if applicable, the date of the action or the date against which shareholders' ownership is measured for the action ▶ On February 28, 2018, GFG Resources Inc. ("GFG") acquired all of the issued and outstanding shares of Rapier Gold Corp. ("Rapier") in exchange for 15,074,418 common shares of GFG pursuant to an Arrangement Agreement and Plan of Arrangement dated as of December 11, 2017 (the "Arrangement"). The Rapier shareholders exchanged each of their shares of Rapier common stock for .15 shares of GFG common stock in the Arrangement.

The Arrangement is described in the Management Information Circular of Rapier dated as of January 11, 2018, which is available at [www.sedar.com](http://www.sedar.com).

**15** Describe the quantitative effect of the organizational action on the basis of the security in the hands of a U.S. taxpayer as an adjustment per share or as a percentage of old basis ▶ GFG believes that the Arrangement should qualify as a tax-deferred reorganization within the meaning of Code Section 368(a). As a result, each Rapier shareholder should generally have a tax basis in the GFG common shares received in the Arrangement equal to such shareholder's aggregate tax basis in the Rapier shares surrendered.

Certain former Rapier shareholders that fail to file a timely gain recognition agreement with the IRS may recognize a gain under Code Section 367. Shareholders that recognize a gain should have a tax basis in the GFG shares received equal to their fair market value at the time of the Arrangement.

Even if the Arrangement qualifies as a reorganization under Code Section 368(a), certain special rules would apply if Rapier was a passive foreign investment company, as defined under Code Section 1297 (a "PFIC"), for any tax year during which a shareholder held Rapier shares. Shareholders should consult their own tax advisors regarding the U.S. federal income tax consequences of the Arrangement.

**16** Describe the calculation of the change in basis and the data that supports the calculation, such as the market values of securities and the valuation dates ▶ In the event the Arrangement is taxable, for purposes of calculating fair market value, the fair market value of a GFG common share on February 28, 2018 is estimated at \$0.33, which was calculated as the February 28, 2018 closing price of a GFG common share on the TSX.V converted into U.S. dollars based upon the closing CDN/US dollar exchange rate as published by the Bank of Canada on February 28, 2018.

Shareholders should consult with their own tax advisors to determine whether they are required to recognize any gain and what measure of fair market value is appropriate.

**Part II Organizational Action** (continued)

**17** List the applicable Internal Revenue Code section(s) and subsection(s) upon which the tax treatment is based ► GFG believes that the Arrangement should qualify as a reorganization within the meaning of Code Section 368(a). Consequently, the U.S. federal income tax consequences of the Arrangement to Rapier shareholders should be determined under Code Sections 354, 358, 367, 368, 1001 and 1221.

In addition, if Rapier was classified as a PFIC, then Code Sections 1291-1297 would be applicable.

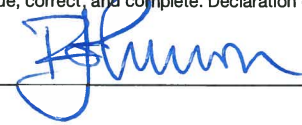
Shareholders should consult their own tax advisors regarding the application of appropriate Code Sections as well as the application of PFIC rules.

**18** Can any resulting loss be recognized? ► If the Arrangement qualifies as a reorganization within the meaning of Code Section 368(a), then in general, each former Rapier shareholder who received GFG shares, pursuant to the Arrangement, should not recognize any loss.

**19** Provide any other information necessary to implement the adjustment, such as the reportable tax year ► In general, any gain recognized should be reported by shareholders for the tax year which includes February 28, 2018 (e.g., a calendar year shareholder would report the transaction on his or her federal income tax return filed for the 2018 calendar year).

Under penalties of perjury, I declare that I have examined this return, including accompanying schedules and statements, and to the best of my knowledge and belief, it is true, correct, and complete. Declaration of preparer (other than officer) is based on all information of which preparer has any knowledge.

**Sign Here**

Signature ► 

Date ► April 2, 2018

Print your name ► Rick Johnson

Title ► CFO

<b>Paid Preparer Use Only</b>	Print/Type preparer's name	Preparer's signature	Date	Check <input type="checkbox"/> if self-employed	PTIN
	Firm's name ►				Firm's EIN ►
	Firm's address ►				Phone no.

Send Form 8937 (including accompanying statements) to: Department of the Treasury, Internal Revenue Service, Ogden, UT 84201-0054