

CAPITAL POOL COMPANY

AGENCY AGREEMENT

THIS AGREEMENT is dated for reference the 27th day of February, 2019.

BETWEEN:

XAU RESOURCES INC., 66 Wellington St. W., Suite 4100, P.O. Box 35, TD Bank Tower, Toronto, Ontario M5K 1B7 (the “**Issuer**”)

AND:

HAMPTON SECURITIES LIMITED, 141 Adelaide Street W., Suite 1800 Toronto, Ontario M5H 3L5 (the “**Agent**”)

BACKGROUND

- A. The Issuer wishes to raise money for the purposes set forth in its Prospectus, which is to be filed with the Regulatory Authorities, by offering for sale certain of its securities; and
- B. The Issuer wishes to appoint the Agent to solicit subscriptions for those securities and the Agent is willing to accept such appointment on the terms and conditions of this Agreement.

NOW THEREFORE THIS AGREEMENT WITNESSES that for good and valuable consideration, the receipt and sufficiency of which each party acknowledges, the parties agree as follows:

1. DEFINITIONS

1.1 In this Agreement, including the recitals above:

- (a) “**Agent’s Commission**” has the meaning set out in section 4.1(a);
- (b) “**Agent’s Warrants**” has the meaning set out in section 4.1(c);
- (c) “**Agent’s Warrants Shares**” has the meaning set out in section 4.1(c);
- (d) “**Certificates**” means the certificates representing the Shares and the Agent’s Warrants in the names and denominations requested by the Agent;
- (e) “**Closing Date**” means such date as may be agreed to by the Issuer and the Agent on which the Offering closes;
- (f) “**Commissions**” means the British Columbia, Alberta and Ontario Securities Commissions;

- (g) “**Common Shares**” means common shares in the capital of the Issuer;
- (h) “**Effective Date**” means the date on which the receipt for the Final Prospectus is issued by the Principal Regulator;
- (i) “**Exchange**” means the TSX Venture Exchange Inc.;
- (j) “**Final Prospectus**” means the final prospectus filed or intended to be filed by the Issuer with the Regulatory Authorities in connection with the Offering and any amendments to it which may be filed with the Regulatory Authorities;
- (k) “**Indemnified Parties**” has the meaning set out in section 12.1 and “**Indemnified Party**” means any one of them;
- (l) “**Indemnifying Party**” has the meaning set out in section 12.1;
- (m) “**Material Change**” has the meaning set out in the Securities Acts;
- (n) “**Material Fact**” has the meaning set out in the Securities Acts;
- (o) “**Misrepresentation**” has the meaning set out in the Securities Acts;
- (p) “**Offering**” means the offering of Shares under the Prospectus;
- (q) “**Offering Period**” means the 90 day period following the date of the receipt for the Final Prospectus issued by the Principal Regulator, or, if there is an amendment to the Final Prospectus, the 90 day period following the date of issuance of the receipt of the amendment to the Final Prospectus if such period does not exceed 180 days from the date of the receipt for the Final Prospectus;
- (r) “**Offering Price**” means \$0.10 per Share;
- (s) “**Other Agent**” has the meaning set out in section 14;
- (t) “**Personnel**” has the meaning set out in section 12.7;
- (u) “**Preliminary Prospectus**” means the preliminary prospectus filed or intended to be filed by the Issuer with the Regulatory Authorities in connection with the Offering and any amendments to it which may be filed with the Regulatory Authorities;
- (v) “**Principal Regulator**” means one of the Commissions that is designated as the principal regulator in accordance with National Policy 11-202 – Process for Prospectus Reviews in Multiple Jurisdictions;
- (w) “**Proceeds**” means the gross proceeds from the Offering, less:

- (i) the Agent's Commission;
 - (ii) any unpaid balance of the Work Fee; and
 - (iii) the expenses of the Agent pursuant to Article 11.
- (x) “**Prospectus**” means both the Preliminary Prospectus and the Final Prospectus;
- (y) “**Qualifying Transaction**” has the meaning set out in Exchange Policy 2.4;
- (z) “**Regulatory Authorities**” means the Commissions and the Exchange;
- (aa) “**Securities**” means the Shares, the Agent's Warrants and the Agent's Warrants Shares;
- (bb) “**Securities Acts**” means the *Securities Act* (British Columbia), *Securities Act* (Alberta) and the *Securities Act* (Ontario) and the regulations, rulings and orders made thereunder and all policy statements, blanket orders, notices, rulings and directions issued by the Commissions, all as amended;
- (cc) “**Selling Jurisdictions**” means British Columbia, Alberta and Ontario, and such other jurisdictions as the Agent and the Issuer may agree upon;
- (dd) “**Shares**” means the Common Shares issued under the Offering; and
- (ee) “**Work Fee**” means the non-refundable work fee paid to the Agent by the Issuer in consideration of the Agent's services in connection with the coordination and review of the Prospectus in the amount of \$20,000 (plus applicable taxes), \$12,500 of which has already been paid, and the remainder of which is to be paid on the Closing Date.

2. APPOINTMENT OF AGENT

- 2.1 The Issuer appoints the Agent as its exclusive agent and the Agent accepts the appointment and agrees to act as the exclusive agent of the Issuer to offer, on a commercially reasonable best efforts basis, the Shares for sale under the Prospectus in the Selling Jurisdictions at the Offering Price. The Agent shall use its commercially reasonable efforts to sell the Shares but it is understood and agreed that the Agent shall act as agent only and is under no obligation to purchase any Shares under the Offering.

3. LISTING APPLICATION AND CONDUCT OF THE OFFERING

- 3.1 Prior to the Effective Date, the Issuer will apply to the Exchange for a conditional listing of the Common Shares.

- 3.2 The Offering will be made in accordance with the rules and policies of the Regulatory Authorities and the Securities Acts.
- 3.3 Following the Effective Date and after consulting with the Exchange, the Issuer and the Agent will set the Closing Date, which will be on or before the last day of the Offering Period.
- 3.4 After the Offering has been completed, the Issuer and the Agent will file any documents required by the Exchange in order to remove the conditional listing and to permit the Common Shares to commence trading on the Exchange.
- 3.5 The Agent will advise the Issuer and its counsel when the distribution of Shares under the Prospectus is complete.

4. AGENT'S COMPENSATION

- 4.1 On the Closing Date, the Issuer will:
 - (a) pay the Agent any unpaid portion of the Work Fee;
 - (b) pay the Agent a cash commission (the "**Agent's Commission**") equal to 10% of the gross proceeds from the sale of Shares by the Agent; and
 - (c) issue to the Agent the number of non-transferable warrants (the "**Agent's Warrants**") equal to 10% of the number of Shares sold by the Agent under the Offering, each such Agent's Warrant entitling the holder thereof to purchase one Common Share (each, an "**Agent's Warrant Share**") at a price of \$0.10 for a period of 24 months from the date the Common Shares are listed on the Exchange.
- 4.2 If the Agent retains subagents or receives subscriptions from subagents, the Agent, in its sole discretion, may pay them a fee as may be agreed among them, but in no event shall the Issuer be required to pay any amounts in excess of those referred to in this Agreement.
- 4.3 The Agent's Warrants will be qualified for distribution under the Prospectus and will include, among other things, provisions for the appropriate adjustment in the class, number and price of the shares to be issued under the Agent's Warrants upon the occurrence of certain events, including any subdivision, consolidation or reclassification of the shares, the payment of stock dividends or the amalgamation of the Issuer.
- 4.4 The issuance of the Agent's Warrants will not restrict or prevent the Issuer from issuing additional securities or rights during the term of the Agent's Warrants.
- 4.5 The Agent will, on the Closing Date, deliver to the Issuer a written description and reconciliation of its expenses deducted from the gross proceeds of the Offering.

5. CLOSING

- 5.1 All funds received by the Agent for subscriptions will be held in trust by the Agent until the completion of the Offering.
- 5.2 Notwithstanding any other term of this Agreement, unless subscribers have otherwise instructed the Agent, all subscription funds received by the Agent will be returned to the subscribers without interest or deduction if the Closing Date has not occurred by the expiry of the Offering Period.
- 5.3 If the Issuer has satisfied all of its obligations under this Agreement, the Agent will, on the Closing Date, pay the Proceeds to the Issuer against either physical delivery of the Certificates or, in the case of the Shares, confirmation that the securities represented by the Certificates have been transferred to the Agent electronically, as requested by the Agent.

6. OPINIONS AND CERTIFICATES

- 6.1 On the Closing Date, the Issuer will provide the Agent and its counsel with an opinion of counsel (and local counsel in the Selling Jurisdictions as requested by the Agent) for the Issuer, dated as of the Closing Date and addressed to the Agent and its counsel, relating to any legal matter which is customary in connection with the Prospectus and Offering for which the Agent may request an opinion, acting reasonably, and a certificate of the Issuer, dated as of the Closing Date and signed by the Chief Executive Officer and Chief Financial Officer of the Issuer, certifying certain facts relating to the Issuer and its affairs.

7. MATERIAL CHANGES

- 7.1 If, after the Final Prospectus is first filed with the Regulatory Authorities but before the conclusion of the distribution of all the Shares under the Prospectus, a Material Change occurs in the affairs of the Issuer (or if an adverse Material Change occurs in the affairs of the Issuer after the Preliminary Prospectus is first filed with the Regulatory Authorities), the Issuer will:
 - (a) notify the Agent immediately, in writing, with full particulars of the change;
 - (b) file with the Regulatory Authorities as soon as practicable, and in any event no later than 10 days after the Material Change occurs, an amendment to the Prospectus disclosing the Material Change or adverse Material Change, as the case may be; and
 - (c) provide as many copies of the amendments to the Agent as the Agent may reasonably request.

8. TERMINATION

8.1 The Agent may without liability in its sole discretion terminate its obligations under this Agreement by written notice to the Issuer on or before the Closing Date if at any time prior to the Closing Date:

- (a) in the opinion of the Agent, acting reasonably, there shall have occurred any Material Change or change in a Material Fact in relation to the Issuer or there shall be discovered any previously undisclosed Material Fact in each case which would be expected to result in a material adverse change in relation to the Issuer or have a material adverse effect on the market price or value of the Common Shares;
- (b) any inquiry, action, investigation or other proceeding (whether formal or informal) is made, announced or threatened or any order is issued by any federal, provincial, state, municipal or other governmental department, commission, board, bureau, agency, regulatory authority or other instrumentality including, without limitation, the Exchange or any other exchange or quotation or any securities regulatory authority involving the Issuer's securities, directors or officers (except for any inquiry, action, investigation or other proceeding based upon activities of the Agent and not upon activities of the Issuer) or any law or regulation is enacted or changed, which, in the opinion of the Agent, acting reasonably, prevents or restricts trading in or the distribution of the securities of the Issuer or the Securities or materially and adversely affects or might reasonably be expected to materially and adversely affect the market price or value of the securities of the Issuer or the Securities;
- (c) if there should develop, occur or come into effect or existence any event, action, state, condition or major financial occurrence of national or international consequence (including terrorism) or any law or regulation which, in the opinion of the Agent, acting reasonably, materially adversely affects or involves, or might reasonably be expected to materially adversely affect or involve, the financial markets or the business, operations or affairs of the Issuer and its subsidiaries, taken as a whole;
- (d) the Agent becomes aware of, as a result of its due diligence review or otherwise, of any material adverse change, or a change in any Material Fact or any Material Fact with respect to the Issuer (in the sole opinion of the Agent, acting reasonably) which has not been disclosed to the Agent prior to the date hereof, or the Agent is not satisfied, acting reasonably, with the results of its due diligence review in respect of the Issuer, its securities, assets or operations, the tax attributes of any of the securities of the Issuer or the Securities or otherwise;
- (e) the Issuer is in material breach of any term, condition or covenant of this Agreement or any representation or warranty given by the Issuer in this

Agreement becomes or is false in any material respect that, in either case, has not been rectified or remedied to the satisfaction of the Agent, acting reasonably; or

- (f) if the state of financial markets in Canada or elsewhere where it is planned to market the Securities is such that, in the reasonable opinion of the Agent, the Securities cannot be marketed profitably or successfully.

8.2 Unless otherwise agreed to by the parties, this Agreement will terminate if a receipt for the Final Prospectus is not issued by the Principal Regulator within 120 days of the date of this Agreement.

9. PROSPECTUS

9.1 The Issuer will cause the Prospectus to be filed with the Regulatory Authorities, will deliver all necessary copies of the Prospectus to the Regulatory Authorities and will use its commercially reasonable best efforts to have the Prospectus accepted by the Regulatory Authorities and to have the Principal Regulator issue a receipt for the Preliminary Prospectus and the Final Prospectus.

9.2 The Issuer will provide the Agent with as many copies of the Prospectus as the Agent may reasonably request.

9.3 Delivery of the Prospectus and any amendment thereto will constitute a representation and warranty by the Issuer to the Agent that all information and statements (except information and statements supplied by and relating solely to the Agent) contained in the Prospectus and any amendment thereto are true and correct in all material respects at the time of delivery thereof and contain no Misrepresentations and constitute full, true and plain disclosure of all Material Facts relating to the Issuer and the Shares and that no Material Fact or material information has been omitted therefrom (except facts or information supplied by and relating solely to the Agent) which is required to be stated therein or is necessary to make statements of information contained therein not misleading in light of the circumstances under which they were made. Such delivery will also constitute the Issuer's consent to the Agent's use of the Prospectus, any amendment thereto and any other documents supplied to the Agent by the Issuer for the purpose of the sale of Shares in the Selling Jurisdictions in compliance herewith and with the Securities Acts.

9.4 The Agent will deliver to each purchaser a copy of the Prospectus sufficiently in advance of the Closing Date such that all withdrawal rights under the applicable securities laws will have expired by the Closing Date, unless the Issuer requests that the Agent set a Closing Date in advance of the expiration of such withdrawal rights.

10. WARRANTIES, REPRESENTATIONS AND COVENANTS

10.1 The Issuer covenants, represents and warrants to the Agent that:

- (a) all information and other data relating to the Issuer furnished by or on behalf of the Issuer in writing to the Agent is, or, in the case of historical information, was at the date of preparation true, accurate, complete and correct in all material respects, and does not or did not, as the case may be, contain any Misrepresentation;
- (b) the Issuer has been duly incorporated and organized and is validly existing and in good standing under the laws of its jurisdiction of incorporation and has all requisite corporate power and authority to carry on its business;
- (c) the Issuer does not own or have any interest in any assets or property of any kind whatsoever, other than cash or deposits with financial institutions;
- (d) the Issuer currently carries on business as a capital pool company, as contemplated by Exchange policies, and has complied with and will continue to comply with the requirements of Exchange policies until it completes a Qualifying Transaction;
- (e) the Prospectus contains full, true and plain disclosure of all Material Facts in relation to the Issuer, its business and its securities, and contains no Misrepresentation;
- (f) the financial statements of the Issuer which form part of the Prospectus have been prepared in accordance with International Financial Reporting Standards, accurately reflect the financial position of the Issuer and all material liabilities (accrued, absolute, contingent or otherwise) of the Issuer as at the date of the financial statements, and there has been no adverse Material Changes in the financial position of the Issuer since that date, except as fully and plainly disclosed in the Prospectus;
- (g) the authorized and outstanding share capital of the Issuer is as set forth in the Prospectus, all outstanding shares will have been issued as fully paid and non-assessable and the only outstanding options, warrants or other rights to acquire any shares or other securities of the Issuer is as set forth in the Prospectus;
- (h) the Issuer is not in default or breach of, and the execution and delivery of, and the performance and compliance with the terms of this Agreement does not and will not result in any breach of, or constitute a default under, and does not and will not create a state of facts which, after notice or lapse of time or both, would result in a breach of or constitute a default under, in any material respect, any term or provisions of the articles, by-laws, or resolutions of the Issuer, or any indenture, agreement (written or oral),

lease or other document to which the Issuer is a party or by which it is bound, or any judgment, decree or order, or to its knowledge, statute, rule or regulation applicable to the Issuer, which default or breach might reasonably be expected to materially adversely affect the business, operations, assets, capital or condition (financial or otherwise) of the Issuer;

- (i) this Agreement is a legal, valid and binding obligation of the Issuer, enforceable against the Issuer in accordance with its terms, subject to the laws relating to creditors' rights generally and equitable remedies and except to the extent that the enforcement of rights to indemnity and waiver of contribution may be limited by applicable law;
- (j) the Issuer has full corporate authority and capacity to issue the Securities and:
 - (i) on the Closing Date, the Shares will be duly and validly authorized and issued as fully paid and non-assessable;
 - (ii) on the Closing Date, the Agent's Warrants will be duly and validly created, authorized and will constitute valid and binding obligations of the Issuer enforceable in accordance with their terms, except as rights as such enforceability may be limited by bankruptcy, insolvency, reorganization, moratorium or other similar laws relating to or affecting the rights and remedies of creditors or by general equitable principles; and
 - (iii) the Agent's Warrant Shares will be duly authorized and reserved for issuance pursuant to the terms of the Agent's Warrants, and when issued by the Issuer upon valid exercise of the Agent's Warrants and payment of the exercise price therefor, will be issued as fully paid and non-assessable;
- (k) no consent of any third party is required in connection with the transactions contemplated by this Agreement, except the consent of the Exchange and except to the extent that this Agreement contemplates obtaining receipts for the Prospectus;
- (l) no litigation, administrative proceeding, arbitration or other proceeding before or of any court, tribunal, arbitrator or regulatory or other governmental body or dispute with any regulatory or other governmental body is presently in process or, to the best of the knowledge and information of the Issuer, pending or threatened against the Issuer which, if determined adversely to the Issuer might have a material adverse effect on the financial condition, results of operations, business or prospects of the Issuer, or which would materially impair the ability of the Issuer to

consummate the transactions contemplated hereby or to duly observe and perform any of its covenants or obligations herein;

- (m) the Issuer has conducted its activities in connection with the Offering in compliance with all applicable laws and regulatory requirements;
- (n) the Issuer shall not reject any subscription for Shares tendered by the Agent, unless the acceptance of such subscription would cause the Issuer to exceed the maximum number of Shares offered pursuant to the Offering, or the Issuer is not satisfied that such subscription is compliant with applicable laws or the rules or policies of the Regulatory Authorities;
- (o) there is not presently, and will not be until the conclusion of the distribution under the Prospectus, any Material Change or change in any Material Fact relating to the Issuer, its business or its securities which has not been or will not be fully disclosed in the Prospectus or otherwise to the Agent;
- (p) other than the Agent, no person, firm or corporation acting or purporting to act at the request of the Issuer is entitled to any brokerage, agency or finder's fee in connection with the transactions described herein;
- (q) if the Shares are not listed on the Exchange on the Closing Date but become listed on the Exchange prior to the date on which the Issuer must file a tax return under the *Income Tax Act* (Canada) for its first taxation year, the Issuer covenants that it will meet the requirements to, and will, validly elect in its return of income for its first taxation year to be deemed to have been a public corporation from the beginning of that year until the time when it became a "public corporation" as defined in the *Income Tax Act* (Canada) (the "**Public Corporation Election**");
- (r) the Issuer acknowledges that the Agent is relying on the Issuer making the Public Corporation Election if the Shares are not listed on the Exchange on the Closing Date with respect to sales of the Shares and Agent's Warrant Shares into registered retirement savings plans, registered retirement income funds, deferred profit sharing plans, registered education savings plans, registered disability savings plans and tax-free savings accounts and agrees that, if the Issuer does not make a valid Public Corporation Election pursuant to its covenant in Section 10.1(q) of this Agreement, the Issuer will indemnify the Agent for any and all expenses, losses, fees, claims, actions, damages, obligations and liabilities, including the reasonable fees and expenses of its counsel, the Agent incurs in connection with any claims against the Agent in relation to any taxes, interest or penalties assessed or other proceedings of any kind initiated by the Canada Revenue Agency or other applicable taxing authority against purchasers under the Offering (including without limitation proceedings to revoke the registration of such purchasers under the *Income Tax Act*

(Canada), or the annuitants, subscribers or holders of such purchasers under the Offering, as a result of the Shares or Agent's Warrant Shares not constituting a "qualified investment" as defined in the *Income Tax Act* (Canada) or other applicable analogous tax legislation.

10.2 The Agent warrants, represents and covenants to the Issuer that:

- (a) it is a valid and subsisting corporation under the laws of the jurisdiction in which it was organized;
- (b) it is duly registered under all applicable securities laws to sell the Shares in the Selling Jurisdictions;
- (c) it is a member in good standing of the Exchange;
- (d) it has complied with and will fully comply with the requirements of all applicable securities laws, including, without limitation, the by-laws and rules of the Exchange in relation to trading in the Shares and all matters relating to the Offering;
- (e) it shall use commercially reasonable best efforts to solicit subscriptions for the Shares in the Qualifying Jurisdictions and without limiting the generality of the foregoing, to obtain subscriptions from at least 200 purchasers, each such purchaser:
 - (i) purchasing beneficially at least 1,000 Shares free of Resale Restrictions exclusive of any Shares held by Non Arm's Length Parties to the Issuer (as such terms are defined in Exchange Policy 1.1);
 - (ii) individually purchasing, directly or indirectly, no more than 2% of the Shares, and in the aggregate, with such purchaser's Associates and Affiliates (as such terms are defined in the Exchange Policy 1.1), purchasing, directly or indirectly, no more than 4% of the Shares; and
 - (iii) not being a Non Arm's Length Party (as that term is defined in Exchange Policy 1.1) to the Issuer, provided, however, that any purchaser in excess of the 200 minimum purchasers may be a Non-Arm's Length Party if that purchaser complies with the requirements of Exchange Policy 2.4.

11. EXPENSES OF AGENT

11.1 The Issuer will pay all of the reasonable expenses of the Offering and all the expenses reasonably incurred by the Agent in connection with the Offering including, without limitation, travel expenses, searches and other costs incurred by the Agent to complete the due diligence process, as well as reasonable fees and

disbursements of the solicitors for the Agent. The amounts payable by the Issuer for the legal fees of the solicitors for the Agent shall not exceed \$15,000 plus applicable taxes and disbursements.

- 11.2 The Issuer will pay the expenses referred to in section 11.1 even if the Prospectus and this Agreement are not accepted by the Regulatory Authorities or the transactions contemplated by this Agreement are not completed, or this Agreement is terminated, unless the failure of acceptance or completion or the termination is the result of a breach of this Agreement by the Agent.
- 11.3 The Agent may, from time to time, render accounts for its expenses to the Issuer for payment on or before the dates set out in the accounts.
- 11.4 The Issuer will authorize the Agent to deduct its expenses (plus disbursements and applicable sales taxes), including legal fees payable to its counsel, in connection with the Offering from the gross proceeds of the Offering, including expenses for which an account has not yet been rendered to the Issuer, such authorization not to be unreasonably withheld.

12. INDEMNITY AND CONTRIBUTION

- 12.1 The Issuer and its subsidiaries or affiliated companies, as the case may be (collectively, the “**Indemnifying Party**”) hereby agree to indemnify and hold harmless the Agent, each of its subsidiaries and affiliates, and each of its directors, officers, shareholders, partners, employees and agents (collectively, the “**Indemnified Parties**” and individually, an “**Indemnified Party**”), to the full extent lawful, from and against any and all expenses, losses, claims, actions, damages and liabilities, whether joint or several, (including the aggregate amount paid in reasonable settlement of any actions, suits, proceedings, investigations or claims and the reasonable fees and expenses of their counsel that may be incurred in advising with respect to and/or defending any action, suit, proceeding, investigation or claim that may be made or threatened against any Indemnified Party) to which any Indemnified Party may become subject or otherwise involved in any capacity under any statute or common law or otherwise insofar as such expenses, losses, claims, actions, damages or liabilities relate to, are caused by, result from, arise out of or are based upon, directly or indirectly, the performance of services rendered to the Indemnifying Party by the Agent under this Agreement or otherwise in connection with the matters referred to in this Agreement.
- 12.2 Notwithstanding the foregoing, this indemnity shall not apply to the extent that a court of competent jurisdiction in a final judgment that has become non-appealable shall determine that such expenses, losses, claims, actions, costs, damages or liabilities to which the Indemnified Party may be subject were caused by the gross negligence, dishonesty, wilful misconduct or fraudulent act of the Indemnified Party.

- 12.3 The Indemnifying Party also agrees that no Indemnified Party will have any liability (either direct or indirect, in contract or tort or otherwise) to the Indemnifying Party or any person asserting claims on the Indemnifying Party's behalf or in right for or in connection with the performance of services rendered to the Indemnifying Party by the Agent, except to the extent that any expenses, losses, claims, actions, costs, damages or liabilities incurred by the Indemnifying Party are determined by a court of competent jurisdiction in a final judgement that has become non-appealable to have resulted from the negligence or willful misconduct of such Indemnified Party.
- 12.4 If for any reason (other than a determination as to any of the events referred to in section 12.2 herein) the foregoing indemnification is unavailable to the Agent or any other Indemnified Party or is insufficient to hold the Agent or any other Indemnified Party harmless, the Indemnifying Party shall contribute to the amount paid or payable by the Agent or any other Indemnified Party as a result of such expense, loss, claim, action, damage or liability in such proportion as is appropriate to reflect not only the relative benefits received by the Indemnifying Party on the one hand and the Agent or any other Indemnified Party on the other hand but also the relative fault of the Indemnifying Party, the Agent or any other Indemnified Party as well as any relevant equitable considerations; provided that the Indemnifying Party shall in any event contribute to the amount paid or payable by the Agent or any other Indemnified Party as a result of such expense, loss, claim, action, damage or liability any amount in excess of the fees actually received by the Agent under this Agreement.
- 12.5 Promptly after receiving notice of an action, suit, proceeding or claim against the Agent or any other Indemnified Party or receipt of notice of the commencement of any investigation which is based, directly or indirectly, upon any matter in respect of which indemnification may be sought from the Indemnifying Party, an Indemnified Party will notify the Indemnifying Party in writing of the particulars thereof and will provide copies of all relevant documentation to the Indemnifying Party and, the Indemnifying Party shall undertake the investigation and defence thereof on behalf of the Agent or the Indemnified Party, as applicable, including the prompt employment of counsel reasonably acceptable to the Agent or the Indemnified Party affected and the payment of all reasonable expenses and throughout the course of any investigation or legal proceeding as contemplated herein, the Indemnifying Party will provide copies of all relevant documentation to the Agent and the Indemnified Party, will keep the Agent and the Indemnified Party advised of the progress thereof and will discuss with the Agent and the Indemnified Party all significant actions proposed. The omission of an Indemnified Party to so notify the Indemnifying Party shall not relieve the Indemnifying Party of any liability which the Indemnifying Party may have to the Agent or any other Indemnified Party except only to the extent that any such delay in or failure to give notice as herein required prejudices the defence of such action, suit, proceeding, claim or investigation or results in any material increase in the liability which the Indemnifying Party would otherwise have under this

indemnity had an Indemnified Party not so delayed in or failed to give the notice required hereunder.

- 12.6 Notwithstanding that the Indemnifying Party shall undertake the investigation and defence of any action, any Indemnified Party shall have the right, at the Indemnifying Party's expense, to employ separate counsel of such Indemnified Party's choice, in respect of the defence of any action, suit, proceeding, claim or investigation if: (a) the employment of such counsel has been authorized by the Indemnifying Party; or (b) the Indemnifying Party has not assumed the defence and employed counsel therefor within 5 days after receiving notice of such action, suit, proceeding, claim or investigation; or (c) counsel retained by the Indemnifying Party or the Indemnified Party has advised the Indemnified Party that representation of both parties by the same counsel would be inappropriate because there may be legal defences available to the Indemnified Party which are different from or in addition to those available to the Indemnifying Party (in which event and to that extent, the Indemnifying Party shall not have the right to assume or direct the defence on the Indemnified Party's behalf) or that there is a conflict of interest between the Indemnifying Party and the Indemnified Party or the subject matter of the action, suit, proceeding, claim or investigation may not fall within the indemnity set forth herein (in either of which events the Indemnifying Party shall not have the right to assume or direct the defence on the Indemnified Party's behalf). Notwithstanding any other provision of this indemnity, any Indemnified Party shall have the right, at such Indemnified Party's expense, to employ counsel of such Indemnified Party's choice, in respect of the defence of any action, suit, proceeding, claim or investigation, and such employment shall not relieve the Indemnifying Party from its obligations to undertake the investigation and defence of any action, suit, proceeding, claim or investigation unless such Indemnified Party consents, in writing, to such relief.
- 12.7 The Indemnifying Party agrees that in case any legal proceeding shall be brought against the Indemnifying Party and/or the Agent or any other Indemnified Party by any governmental commission or regulatory authority or any stock exchange or other entity having regulatory authority, either domestic or foreign, shall investigate the Indemnifying Party and/or the Agent or any other Indemnified Party and the Agent or such other Indemnified Party shall be required to testify in connection therewith or shall be required to respond to procedures designed to discover information regarding, in connection with or by reason of this Agreement, the engagement of the Agent hereunder, or the performance of services rendered to the Indemnifying Party by the Agent hereunder, the Agent or such other Indemnified Party shall have the right to employ its own counsel in connection therewith, and the reasonable fees and expenses of such counsel as well as the reasonable costs (including an amount to reimburse the Agent for time spent by its, or any of its affiliates, directors, officers, employees, partners or agents (collectively, "**Personnel**") in connection therewith) and out-of-pocket expenses incurred by its Personnel in connection therewith shall be paid by the Indemnifying Party as they occur.

- 12.8 No admission of liability and no settlement of any action, suit, proceeding, claim or investigation shall be made without the consent of the Indemnified Parties affected, such consent not to be unreasonably withheld. No admission of liability shall be made and the Indemnifying Party shall not be liable for any settlement of any action, suit, proceeding, claim or investigation made without its consent, such consent not to be unreasonably withheld.
- 12.9 The Indemnifying Party hereby acknowledges that the Agent acts and appoints the Agent, as trustee for the other Indemnified Parties of the Indemnifying Party's covenants under this indemnity with respect to such persons and the Agent agrees to accept such trust and to hold and enforce such covenants on behalf of such persons.
- 12.10 The Indemnifying Party hereby agrees to waive any right it may have of first requiring the Indemnified Parties to proceed against or enforce any other right, power, remedy, security or claim payment from any other person before claiming under this indemnity.
- 12.11 The indemnity and contribution obligations of the Indemnifying Party hereunder shall be in addition to any liability which the Indemnifying Party may otherwise have, shall extend upon the same terms and conditions to the Indemnified Parties and shall be binding upon and enure to the benefit of any successors, assigns, heirs and personal representatives of the Indemnifying Party, the Agent and any other Indemnified Party. The foregoing provisions shall survive the completion of services rendered under this Agreement or any termination of this Agreement.

13. ASSIGNMENT AND SELLING GROUP PARTICIPATION

- 13.1 The Agent will not assign this Agreement or any of its rights under the Agreement nor, with respect to the Securities, enter into any agreement in the nature of an option or a sub-option unless and until, for each intended transaction, the Agent has obtained the written consent of the Issuer and notice has been given to and accepted by the Regulatory Authorities.
- 13.2 The Agent may offer selling group participation in the normal course of the brokerage business to selling groups of other licensed dealers, brokers and investment dealers, who may or who may not be offered part of the commissions or securities to be received by the Agent pursuant to this Agreement. In no event shall the Issuer be required to pay a fee in excess of the Agent's Commission, the Work Fee or the Agent's Warrants in respect of such subscriptions.

14. RIGHT OF FIRST REFUSAL

- 14.1 Subject to the Offering being completed for minimum gross proceeds of \$400,000, for a period of fourteen months from the closing of the Offering, the Agent shall have a first right of refusal to act as the Issuer's exclusive agent on any subsequent offering of securities of the Issuer to be issued and sold in Canada by private placement or public offering where a registered securities dealer is to

be engaged. If the Issuer intends to proceed with any such issuance or has received a proposal for any such issuance from one or more third-party agents or underwriters (collectively, the “**Other Agent**”), the Issuer shall provide to the Agent notice of the proposed terms thereof (including the commission payable to the Other Agent) and the Agent shall have an opportunity to respond to the Issuer within 10 days with an engagement agreement for such offering on the terms and conditions contained therein, save and except for a bought-deal opportunity, for which the period of time for the Agent to respond shall be reduced to 24 hours. If the Agent does not respond with an engagement period within the allotted time, the Agent will be deemed to have waived such right. Subject to the following sentence, if the Agent waives its right in respect of any one or more transactions it shall not constitute a waiver of its right of first refusal in respect of any other transaction. If an Other Agent is not retained in connection with a transaction in which the Agent waives or is deemed to have waived its right of first refusal within 30 days following the date on which the 10 day period set forth above (or the 24 hour period for a bought-deal) expires, the transaction shall be deemed to be a new transaction requiring the Issuer to give written notice to the Agent as set forth above.

15. NOTICE

15.1 Any notice, direction or other instrument required or permitted to be given under this Agreement will be in writing and may be given by delivering it or sending it by facsimile or electronic mail to the following address:

(a) If to the Agent:

Hampton Securities Limited
141 Adelaide Street W.
Suite 1800
Toronto, Ontario M5H 3L5

Attention: Michael B. Ligeti
Senior Vice President – Investment Banking
Facsimile: 416-862-8700
Email: mligeti@hamptonsecurities.com

with a copy, which shall not constitute Notice, to:

Garfinkle Biderman LLP
Dynamic Funds Tower
1 Adelaide Street East
Suite 801
Toronto, Ontario M5C 2V9

Attention: Mr. Barry Polisuk
Partner

Facsimile: 416-869-0547
Email: bpolisuk@garfinkle.com

(b) If to the Issuer:

XAU Resources Inc.
66 Wellington St. W., Suite 4100
P.O. Box 35
TD Bank Tower
Toronto, Ontario M5K 1B7

Attention: Mr. Gary Bay
Chief Executive Officer
Email: solobay17@yahoo.com

with a copy, which shall not constitute Notice, to:

WeirFoulds LLP
66 Wellington St. W., Suite 4100
P.O. Box 35
TD Bank Tower
Toronto, Ontario M5K 1B7

Attention: Mr. Rob Eberschlag
Partner
Facsimile: 416-365-1876
Email: reberschlag@weirfoulds.com

- 15.2 If notice is sent by facsimile or electronic mail or is delivered, it will be deemed to have been given at the time of transmission or delivery.
- 15.3 If notice is mailed, it will be deemed to have been received 72 hours following the date of mailing.
- 15.4 If there is an interruption in normal mail service due to strike, labour unrest or other cause at or during the 72 hours immediately after the time a notice is mailed, the notice will be sent by facsimile transmission or will be delivered.

16. TIME

- 16.1 Time is of the essence of this Agreement.

17. SURVIVAL

- 17.1 The representations, warranties, covenants and indemnities of the parties contained in this Agreement will survive the closing of the Offering until the later of (i) the second anniversary of the final Closing Date, and (ii) the latest date under the Securities Acts relevant to a purchaser of any Shares (non-residents of

Canada being deemed to be resident in the Province of Ontario for such purposes) that a purchaser of Shares may be entitled to commence an action or exercise a right of rescission, with respect to a misrepresentation contained in the Prospectus

18. LANGUAGE

18.1 This Agreement is to be read with all changes in gender and number as required by the context.

19. ENTIRE AGREEMENT

19.1 This Agreement constitutes the entire agreement between the parties with respect to its subject matter, and supersedes any prior agreements with respect thereto between the Issuer and the Agent, including, without limitation, the letter of engagement between the Issuer and the Agent dated July 26, 2018.

20. ENUREMENT

20.1 This Agreement enures to the benefit of and is binding on the parties to this Agreement and their successors and permitted assigns.

21. HEADINGS

21.1 The headings in this Agreement are for convenience of reference only and do not affect the interpretation of this Agreement

22. LAW

22.1 This Agreement will be governed by, subject to and interpreted in accordance with the laws prevailing in the Province of Ontario and the federal laws of Canada applicable therein, and the courts of the Province of Ontario will have exclusive jurisdiction over any dispute arising in connection with this Agreement.

23. COMMUNICATION WITH PUBLIC

23.1 All press releases and publicly available filings in respect of this Agreement or any other related instrument or with respect to the relationship between the Issuer and the Agent made by the Issuer will be approved by the Agent, acting reasonably.

24. COUNTERPARTS

24.1 This Agreement may be executed in as many counterparts as may be necessary and delivered by facsimile or other means of electronic reproduction and such counterparts together will constitute one and the same instrument and notwithstanding the date of execution will be deemed to bear the date as of the day and year first above written.

[Signature page follows.]

THE PARTIES, intending to be contractually bound, have executed this Agreement as of the date first above written.

XAU RESOURCES INC.

By: "*Gairat Gary Bay*"

Authorized Signatory

HAMPTON SECURITIES LIMITED

By: "*Michael B. Ligeti*"

Authorized Signatory