

**NOTICE OF MEETING**

**AND**

**MANAGEMENT INFORMATION CIRCULAR**

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**ANNUAL GENERAL MEETING OF SHAREHOLDERS**

**OF**

**XAU RESOURCES INC.**

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**to be held on**

**June 29, 2021**

**at 10:00 AM (Toronto time)**

**in virtual only format conducted via live audio webcast online**

This Management Information Circular and Proxy Statement is furnished in connection with the solicitation of proxies by the management of XAU Resources Inc. to be voted at the Annual General Meeting to be held on June 29, 2021 at the time and place and for the purposes set out in the accompanying Notice of Annual General Meeting and at any adjournments thereof.



**XAU RESOURCES INC.**

**NOTICE OF ANNUAL GENERAL MEETING OF THE SHAREHOLDERS**

**TAKE NOTICE THAT** an Annual General Meeting (the “**Meeting**”) of the shareholders of XAU RESOURCES INC. (the “**Corporation**”) will be held at 10:00 AM (Toronto time) on June 29, 2021 in virtual only format conducted via live audio webcast online at <https://virtual-meetings.tsxtrust.com/1175> (password: xau2021), for the following purposes:

1. to receive the financial statements of the Corporation as at and for the year ended October 31, 2020, together with the report of the auditors thereon;
2. to fix the number of directors of the Corporation to be elected at the Meeting at five;
3. to elect the board of directors of the Corporation to serve until the next annual meeting of the shareholders or until their successors are duly elected or appointed;
4. to appoint the auditors of the Corporation for the ensuing year and to authorize the directors of the Corporation to determine the remuneration to be paid to the auditors;
5. to consider and, if deemed advisable, to pass ordinary resolutions of disinterested shareholders, the full texts of which are set forth in the accompanying Management Information Circular and Proxy Statement (the “**Management Information Circular**”), approving the following to give effect to amendments to the TSX Venture Exchange’s Policy 2.4 with respect to Capital Pool Companies (“CPCs”) effective January 1, 2021 (the “**New CPC Policy**”):
  - a. approving the stock option plan of the Corporation in the form set out in Schedule “D” to the Management Information Circular, which stock option plan contains amendments that reflect the new provisions for CPC stock option plans set out in the New CPC Policy;
  - b. approving of the removal of the consequences associated with the Corporation not completing a Qualifying Transaction within 24 months of its listing date in accordance with the New CPC Policy; and
  - c. authorizing the Corporation to enter into a new escrow agreement to effect the new provisions for CPC escrow agreements set out in the New CPC Policy; and
6. to transact such other business as may properly come before the Meeting.

Information relating to matters to be acted upon by the shareholders at the Meeting is set forth in the accompanying Management Information Circular.

Only shareholders of record as at the close of business on May 10, 2021 (the “**Record Date**”) are entitled to receive notice of the Meeting.

**SHAREHOLDERS ARE ENCOURAGED TO VOTE BY PROXY IN ADVANCE OF THE MEETING BY DATING, SIGNING AND RETURNING THE ACCOMPANYING INSTRUMENT OF PROXY** in accordance with the instructions set forth in the accompanying Management Information Circular and Instrument of Proxy. An Instrument of Proxy will not be valid unless it is deposited with the Corporate Secretary of the Corporation, c/o TSX Trust Company, 100 Adelaide Street West, Suite 301, Toronto Ontario, M5H 4H1, in the enclosed self-addressed envelope, or by facsimile to 416-595-9593 or by email at [tsxtrustproxyvoting@tmx.com](mailto:tsxtrustproxyvoting@tmx.com), not less than 48 hours (excluding Saturdays, Sundays and statutory holidays) before the time of the Meeting, or any adjournment thereof. A person appointed as proxy holder need not be a shareholder of the Corporation.

If you are a non-registered shareholder of the Corporation and received these materials through a broker, a financial institution, a participant, a trustee or administrator of a self-administered retirement savings plan, retirement income fund, education savings plan, or other similar self-administered savings or investment plan registered under the Income Tax Act (Canada), or a nominee of any of the foregoing that holds your security on your behalf (the “**Intermediary**”), please complete and return the materials in accordance with the instructions provided to you by your Intermediary.

**SHAREHOLDERS ARE CAUTIONED THAT THE USE OF THE MAIL TO TRANSMIT PROXIES IS AT EACH SHAREHOLDER’S RISK.**

DATED this 1st day of June, 2021.

**BY ORDER OF THE BOARD OF DIRECTORS**

*"Gary Bay"*

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**GARY BAY, CHIEF EXECUTIVE OFFICER AND A DIRECTOR**

## XAU RESOURCES INC.

### MANAGEMENT INFORMATION CIRCULAR

(Unless otherwise stated, information contained herein is given as of June 1, 2021)

#### INFORMATION REGARDING PROXIES AND VOTING AT THE MEETING

##### **Solicitation of Proxies**

This Management Information Circular is furnished in connection with the solicitation of proxies by the management of XAU Resources Inc. (the “**Corporation**”) for use at the Annual General Meeting of the holders (the “**Shareholders**”) of common shares (“**Common Shares**”) of the Corporation to be held at 10:00 AM on June 29, 2021 (Toronto time) (the “**Meeting**”), for the purposes set forth in the Notice of Annual General Meeting (the “**Notice**”) accompanying this Management Information Circular. Solicitation of proxies will be primarily by mail, but may also be undertaken by way of telephone, facsimile or oral communication by the directors, officers and regular employees of the Corporation, at no additional compensation. Costs associated with the solicitation of proxies will be borne by the Corporation.

##### **Appointment of Proxyholders**

Accompanying this Management Information Circular is an instrument of proxy for use at the Meeting. Shareholders who are unable to attend the Meeting in person and wish to be represented by proxy are required to date and sign the enclosed instrument of proxy and return it in the enclosed return envelope. **All properly executed instruments of proxy for Shareholders must be mailed so as to reach or be deposited with the Corporate Secretary of the Corporation, c/o TSX Trust Company, 100 Adelaide Street West, Suite 301, Toronto Ontario, M5H 4H1, , or by facsimile to 416-595-9593 or by email at [tsxtrustproxvoting@tmx.com](mailto:tsxtrustproxvoting@tmx.com), not later than 48 hours (excluding Saturdays, Sundays and statutory holidays in the Province of Ontario) prior to the time set for the Meeting or any adjournment thereof.**

The persons designated in the instrument of proxy are officers and/or directors of the Corporation. **A Shareholder has the right to appoint a person (who need not be a Shareholder) other than the persons designated in the accompanying instrument of proxy, to attend at and represent the Shareholder at the Meeting.** To exercise this right, a Shareholder should insert the name of the designated representative in the blank space provided on the instrument of proxy and strike out the names of management’s nominees. Alternatively, a Shareholder may complete another appropriate instrument of proxy.

##### **Signing of Proxy**

The instrument of proxy must be signed by the Shareholder or the Shareholder’s duly appointed attorney authorized in writing or, if the Shareholder is a corporation, under its corporate seal or by a duly authorized officer or attorney of the Corporation. An instrument of proxy signed by a person acting as attorney or in some other representative capacity (including a representative of a corporate Shareholder) should indicate that person’s capacity (following his or her signature) and should be accompanied by the appropriate instrument evidencing qualification and authority to act (unless such instrument has previously been filed with the Corporation).

##### **Revocability of Proxies**

A Shareholder who has submitted an instrument of proxy may revoke it at any time prior to the exercise thereof. In addition to any manner permitted by law, a proxy may be revoked by instrument in writing executed by the Shareholder or by his or her duly authorized attorney or, if the Shareholder is a corporation, under its corporate seal or executed by a duly authorized officer or attorney of the corporation and deposited either: (i) at the registered office of the Corporation at any time up to and including the last business day preceding the day of the Meeting, or any adjournments thereof, at which the instrument of proxy is to be used; or (ii) with the Chairman of the Meeting on the day of the Meeting, or any adjournment thereof. In addition, an instrument of proxy may be revoked: (i) by the

Shareholder personally attending the Meeting and voting the securities represented thereby or, if the Shareholder is a corporation, by a duly authorized representative of the corporation attending at the Meeting and voting such securities; or (ii) in any other manner permitted by law.

### **Voting of Proxies and Exercise of Discretion by Proxyholders**

All Common Shares represented at the Meeting by properly executed proxies will be voted on any ballot that may be called for and, where a choice with respect to any matter to be acted upon has been specified in the instrument of proxy, the Common Shares represented by the instrument of proxy will be voted in accordance with such instructions. The management designees named in the accompanying instrument of proxy will vote or withhold from voting the Common Shares in respect of which they are appointed in accordance with the direction of the Shareholder appointing him or her on any ballot that may be called for at the Meeting. **In the absence of such direction, such Common Shares will be voted “FOR” the proposed resolutions at the Meeting. The accompanying instrument of proxy confers discretionary authority upon the persons named therein with respect to amendments of or variations to the matters identified in the accompanying Notice and with respect to other matters that may properly be brought before the Meeting.** In the event that amendments or variations to matters identified in the Notice are properly brought before the Meeting or any further or other business is properly brought before the Meeting, it is the intention of the management designees to vote in accordance with their best judgment on such matters or business. At the time of printing this Management Information Circular, the management of the Corporation knows of no such amendment, variation or other matter to come before the Meeting other than the matters referred to in the accompanying Notice.

### **INTEREST OF CERTAIN PERSONS OR COMPANIES IN MATTERS TO BE ACTED ON**

Except as disclosed in this Management Information Circular, none of the directors or executive officers of the Corporation at any time since the beginning of the Corporation’s last financial year, nor any proposed nominee for election as a director of the Corporation, nor any associate or affiliate of any of the foregoing persons, has any material interest, direct or indirect, by way of beneficial ownership of securities or otherwise in any matter to be acted on, other than the election of directors or the appointment of auditors.

### **VOTING SECURITIES AND PRINCIPAL HOLDERS OF VOTING SECURITIES**

#### **Voting Shares and Record Date**

The authorized share capital of the Corporation consists of an unlimited number of Common Shares. The record date for the determination of Shareholders entitled to receive notice of and to vote at the Meeting is May 10, 2021 (the “**Record Date**”). As at the Record Date, there were 8,611,500 Common Shares issued and outstanding as fully paid and non-assessable.

#### **Common Shares**

The holders of Common Shares are entitled to notice of and to vote at all Annual General and Special Meetings of Shareholders and are entitled to one vote per Common Share. The holders of Common Shares are entitled, upon dissolution, to receive the remaining property of the Corporation.

#### **Voting of Common Shares – General**

Only Shareholders whose names are entered in the Corporation’s register of Shareholders at the close of business on the Record Date and holders of Common Shares issued by the Corporation after the Record Date and prior to the Meeting will be entitled to receive notice of and to vote at the Meeting, provided that, to the extent that: (i) a registered Shareholder has transferred the ownership of any Common Shares subsequent to the Record Date; and (ii) the transferee of those Common Shares produces properly endorsed share certificates, or otherwise establishes that he or she owns the Common Shares and demands, not later than ten days before the Meeting, that his or her name be included on the Shareholder list before the Meeting, in which case the transferee shall be entitled to vote his or her Common Shares at the Meeting.

### Voting at a Virtual Meeting – Registered Shareholders

Registered Shareholders entitled to vote at the Meeting may attend and vote at the Meeting virtually by following the steps listed below:

1. Type in <https://virtual-meetings.tsxtrust.com/1175> on your browser at least 15 minutes before the Meeting starts.
2. Click on “**I have a control number**”.
3. Enter your 12-digit control number (on your proxy form).
4. Enter the password: **xau2021** (case sensitive).
5. When the ballot is opened, click on the “Voting” icon. To vote, simply select your voting direction from the options shown on screen and click **Submit**. A confirmation message will appear to show your vote has been received.

If you are a registered shareholder and you want to appoint someone else (other than the Management nominees) to vote online at the Meeting, you must first submit your proxy indicating who you are appointing. You or your appointee must then register with TSX Trust in advance of the Meeting by emailing [tsxtrustproxyvoting@tmx.com](mailto:tsxtrustproxyvoting@tmx.com) the "Request for Control Number" form, which can be found here: <https://tsxtrust.com/resource/en/75>.

### Voting of Common Shares – Advice to Non-Registered Holders

Only registered holders of Common Shares, or the persons they appoint as their proxies, are permitted to attend and vote at the Meeting. However, in many cases, Common Shares beneficially owned by a holder (a “**Non-Registered Holder**”) are registered either:

- (a) in the name of an intermediary (an “**Intermediary**”) that the Non-Registered Holder deals with in respect of the Common Shares. Intermediaries include banks, trust companies, securities dealers or brokers, and trustees or administrators of self-administered RRSPs, RRIFs, RESPs and similar plans; or
- (b) in the name of a clearing agency (such as The Canadian Depository for Securities Limited or “**CDS**”).

In accordance with the requirements of National Instrument 54-101 of the Canadian Securities Administrators, the Corporation has distributed copies of the Notice, this Management Information Circular and the instrument of proxy (collectively, the “**Meeting Materials**”) to the clearing agencies and Intermediaries for onward distribution to Non-Registered Holders.

Intermediaries are required to forward meeting materials to Non-Registered Holders unless a Non-Registered Holder has waived the right to receive them. Typically, Intermediaries will use a service company (such as Broadridge Investor Communication Solutions (“**Broadridge**”)) to forward Meeting Materials to Non-Registered Holders.

Generally, Non-Registered Holders who have not waived the right to receive meeting materials will:

- (a) have received as part of the Meeting Materials a voting instruction form which must be completed, signed and delivered by the Non-Registered Holder in accordance with the directions on the voting instruction form; voting instruction forms sent by Broadridge permit the completion of the voting instruction form by telephone or through the Internet at [www.proxyvotecanada.com](http://www.proxyvotecanada.com); or
- (b) less typically, be given a proxy which has already been signed by the Intermediary (typically by a facsimile, stamped signature) which is restricted as to the number of Common Shares beneficially owned by the Non-Registered Holder but which is otherwise uncompleted. This form of proxy need not be signed by the Non-

Registered Holder. In this case, the Non-Registered Holder who wishes to submit a proxy should otherwise properly complete the form of proxy and deposit it with TSX Trust Company at the address referred to above.

The purpose of these procedures is to permit Non-Registered Holders to direct the voting of the Common Shares they beneficially own. Should a Non-Registered Holder wish to attend and vote at the Meeting in person (or have another person attend and vote on behalf of the Non-Registered Holder), the Non-Registered Holder should strike out the names of the persons named in the proxy and insert the Non-Registered Holder's (or such other person's) name in the blank space provided or, in the case of a voting instruction form, follow the corresponding instructions on the form. In either case, Non-Registered Holders should carefully follow the instructions of their Intermediaries and their service companies.

Only registered Shareholders have the right to revoke a proxy. Non-Registered Holders who wish to change their vote must in sufficient time in advance of the Meeting, arrange for their respective Intermediaries to change their vote and if necessary revoke their proxy in accordance with the revocation procedures set forth above.

### Voting at a Virtual Meeting – Non-Registered Shareholders

Non-registered Shareholders entitled to vote at the Meeting may vote at the Meeting virtually by following the steps listed below:

1. Appoint yourself as proxyholder by writing your name in the space provided on the form of proxy or VIF.
2. Sign and send it to your Intermediary, following the voting deadline and submission instructions on the VIF.
3. Obtain a control number by contacting TSX Trust Company by emailing [tsxtrustproxyvoting@tmx.com](mailto:tsxtrustproxyvoting@tmx.com) the "Request for Control Number" form, which can be found here: <https://tsxtrust.com/resource/en/75>.
4. Type in <https://virtual-meetings.tsxtrust.com/1175> on your browser at least 15 minutes before the Meeting starts.
5. Click on **"I have a control number"**.
6. Enter the control number provided by [tsxtrustproxyvoting@tmx.com](mailto:tsxtrustproxyvoting@tmx.com).
7. Enter the password: **xau2021** (case sensitive).
8. When the ballot is opened, click on the "Voting" icon. To vote, simply select your voting direction from the options shown on screen and click **Submit**. A confirmation message will appear to show your vote has been received.

If you are a non-registered Shareholder and want to vote online at the Meeting, you must appoint yourself as proxyholder and register with TSX Trust in advance of the Meeting by emailing [tsxtrustproxyvoting@tmx.com](mailto:tsxtrustproxyvoting@tmx.com) the "Request for Control Number" form, which can be found here <https://tsxtrust.com/resource/en/75>.

### Principal Holders of Common Shares

To the knowledge of the directors and officers of the Corporation, the only persons as at the date hereof who, beneficially own, directly or indirectly, or exercise control or direction over, more than 10% of the Common Shares, are as follows:

Name	Type of Ownership	Number and Class of securities owned, controlled or directed	Percentage of Class
Peter Hambro <sup>(1)</sup>	Direct	1,332,000 Common Shares	15.47%

Pavel Maslovskiy <sup>(2)</sup>	Direct	1,332,000 Common Shares	15.47%
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**Notes:**

- (1) Peter Hambro is a director of the Corporation.  
(2) Pavel Maslovskiy is a former director of the Corporation.

## STATEMENT OF EXECUTIVE COMPENSATION - VENTURE ISSUERS

The following information, dated as of October 31, 2020, is provided in accordance with Form 51-102F6V - *Statement of Executive Compensation - Venture Issuers*, for the financial year ended October 31, 2020 and October 31, 2019.

### General

The purpose of the following is to provide information about the Corporation's philosophy, objectives and processes regarding compensation of the Corporation's directors and for the following executive officers of the Corporation (referred to herein as "**Named Executive Officers**"):

- (a) each individual who, in respect of the Corporation, during any part of the most recently completed financial year, served as chief executive officer, including an individual performing functions similar to a chief executive officer;
- (b) each individual who, in respect of the Corporation, during any part of the most recently completed financial year, served as chief financial officer, including an individual performing functions similar to a chief financial officer;
- (c) in respect of the Corporation and its subsidiaries, the most highly compensated executive officer other than the individuals identified in paragraphs (a) and (b) at the end of the most recently completed financial year whose total compensation was more than \$150,000, as determined in accordance with subsection 1.3(5) of Form 51-102F6V, for that financial year;
- (d) each individual who would be a named executive officer under paragraph (c) but for the fact that the individual was not an executive officer of the Corporation, and was not acting in a similar capacity, at the end of that financial year.

The Named Executive Officers of the Corporation during the last completed fiscal year of the Corporation commencing November 1, 2019 and ending on October 31, 2020 ("**Fiscal 2020**") and for the fiscal year of the Corporation commencing on November 1, 2018 and ending on October 31, 2019 ("**Fiscal 2019**") were Gairat Gary Bay, President, Chief Executive Officer and a director of the Corporation, Enrico Visentini, Chief Financial Officer and Corporate Secretary of the Corporation (June 18, 2018 to December 24, 2019) and Andrey Maruta, Chief Financial Officer and Corporate Secretary of the Corporation (April 7, 2020 to present). There were no other Named Executive Officers during Fiscal 2019 or Fiscal 2020.

Gairat Gary Bay, Dr. Pavel Maslovskiy, Peter Hambro, Alexey Maslovskiy, Dr. Nataliya Hearn and Dan Hrushewsky served as directors of the Corporation during Fiscal 2020 and Fiscal 2019. Pavel Maslovskiy resigned as a director of the Corporation on February 16, 2021.

The description of the Corporation's compensation philosophy and objectives and the elements of such compensation during Fiscal 2019 and Fiscal 2020 are set forth below.

### Director and Named Executive Officer Compensation

#### *Director and Named Executive Officer Compensation, Excluding Stock Options and Other Compensation Securities*

The following table sets forth information concerning the total compensation (other than the compensation disclosed in the following section hereof) paid during Fiscal 2019 and Fiscal 2020 to all persons who were Named Executive Officers or directors during the past two fiscal years.

**TABLE OF COMPENSATION EXCLUDING COMPENSATION SECURITIES**

<b>Name and Position</b>	<b>Fiscal Year Ended October 31</b>	<b>Salary, Consulting Fee, Retainer or Commission<sup>(1)</sup></b> <b>(\$)</b>	<b>Bonus</b> <b>(\$)</b>	<b>Committee or Meeting Fees</b> <b>(\$)</b>	<b>Value of Perquisites</b> <b>(\$)</b>	<b>Value of all Other Compensation</b> <b>(\$)</b>	<b>Total Compensation<sup>(1)</sup></b> <b>(\$)</b>
<b>Gairat Gary Bay</b> President, Chief Executive Officer and Director	2020	Nil	Nil	Nil	Nil	Nil	Nil
	2019	Nil	Nil	Nil	Nil	Nil	Nil
<b>Enrico Visentini</b> Chief Financial Officer and Corporate Secretary <sup>(1)</sup>	2020	Nil	Nil	Nil	Nil	Nil	Nil
	2019	Nil	Nil	Nil	Nil	Nil	Nil
<b>Andrey Maruta</b> Chief Financial Officer and Corporate Secretary <sup>(2)</sup>	2020	Nil	Nil	Nil	Nil	Nil	Nil
	2019	Nil	Nil	Nil	Nil	Nil	Nil
<b>Dr. Pavel Maslovskiy</b> Director <sup>(3)</sup>	2020	Nil	Nil	Nil	Nil	Nil	Nil
	2019	Nil	Nil	Nil	Nil	Nil	Nil
<b>Peter Hambro</b> Director	2020	Nil	Nil	Nil	Nil	Nil	Nil
	2019	Nil	Nil	Nil	Nil	Nil	Nil
<b>Alexey Maslovskiy</b> Director	2020	Nil	Nil	Nil	Nil	Nil	Nil
	2019	Nil	Nil	Nil	Nil	Nil	Nil
<b>Dr. Nataliya Hearn</b> Director	2020	Nil	Nil	Nil	Nil	Nil	Nil
	2019	Nil	Nil	Nil	Nil	Nil	Nil
<b>Dan Hrushewsky</b> Director	2020	Nil	Nil	Nil	Nil	Nil	Nil
	2019	Nil	Nil	Nil	Nil	Nil	Nil

**Notes:**

- (1) Mr. Visentini passed away and ceased to be Chief Financial Officer and Corporate Secretary on December 24, 2019.  
(2) Mr. Maruta was appointed Chief Financial Officer and Corporate Secretary on April 7, 2020.  
(3) Dr. Pavel Maslovskiy resigned as director of the Corporation on February 16, 2021.

*Stock Options and Other Compensation Securities*

The following table sets forth details for all stock options outstanding for each of the Named Executive Officers and directors as at the end of Fiscal 2020. The Corporation has no other compensation securities issued or outstanding as at the end of Fiscal 2020.

No stock options or other compensation securities were exercised during Fiscal 2020.

COMPENSATION SECURITIES

Name and Position	Number of Stock Options (#)	Number of Underlying Securities and [Percentage of Class] (#)	Date of Issue or Grant	Issue Conversion or Exercise Price (\$)	Closing Price of Security or Underlying Security on Date of Grant (\$)	Closing Price of Security or Underlying Security at Year-End Fiscal 2020 (\$)	Expiry Date
Gairat Gary Bay	78,437	78,437 [0.91%]	July 18, 2019	\$0.10	\$0.20 <sup>(1)</sup>	\$0.10	July 18, 2024
Dr. Pavel Maslovskiy	282,374	282,374 [3.28%]	July 18, 2019	\$0.10	\$0.20 <sup>(1)</sup>	\$0.10	February 16, 2022
Peter Hambro	282,374	282,374 [3.28%]	July 18, 2019	\$0.10	\$0.20 <sup>(1)</sup>	\$0.10	July 18, 2024
Alexey Maslovskiy	141,187	141,187 [1.64%]	July 18, 2019	\$0.10	\$0.20 <sup>(1)</sup>	\$0.10	July 18, 2024
Dr. Nataliya Hearn	18,925	18,925 [0.22%]	July 18, 2019	\$0.10	\$0.20 <sup>(1)</sup>	\$0.10	July 18, 2024
Dan Hrushewsky	18,925	18,925 [0.22%]	July 18, 2019	\$0.10	\$0.20 <sup>(1)</sup>	\$0.10	July 18, 2024

Note:

(1) Represents the price of the shares upon the commencement of the trading of the Corporation's common shares on the Exchange on October 11, 2019.

*Stock Option Plans and Other Incentive Plans*

The Corporation has established a stock option plan (the "**Plan**") to provide an incentive to the directors, officers, employees, consultants and other personnel of the Corporation to achieve the longer-term objectives of the Corporation, to give suitable recognition to the ability and industry of such persons who contribute materially to the success of the Corporation and to attract to and retain in the employ of the Corporation, persons of experience and ability, by providing them with the opportunity to acquire an increased proprietary interest in the Corporation.

The Corporation does not issue stock options outside of the Plan and has no other plan for the grant of stock appreciation rights, deferred share units or restricted stock units and any other incentive plan or portion of a plan under which awards are granted.

The following is a summary of the material terms of the Plan:

- The number of Common Shares to be reserved and authorized for issuance pursuant to options granted under the Plan shall not exceed ten percent (10%) of the total number of issued and outstanding shares in the Corporation.
- The exercise price for options granted under the Plan will not be less than the market price of the Corporation's Common Shares at the time of the grant, less applicable discounts permitted by the policies of the Exchange.
- Options will be exercisable for a term of up to ten years, subject to earlier termination in the event of the optionee's death, bankruptcy or the cessation of the optionee's services to the Corporation.
- Options granted under the Plan are non-assignable.

*Employment, Consulting and Management Agreements*

There are no management functions of the Corporation that are to any substantial degree performed by a person or Corporation other than the directors or executive officers (or private companies controlled by them, either directly or indirectly) of the Corporation. The Corporation has retained an outside consultant to assist with the preparation of its financial statements.

**Oversight and Description of Directors and Named Executive Officers Compensation***Compensation of Directors and Named Executive Officers*

In accordance with the New CPC Policy, no compensation in the form of a salary, consulting fee, retainer, commission, bonus, committee fee, or meeting fee has been paid to or earned by any director or Named Executive Officer for the period from incorporation to the date hereof.

Following the completion of a Qualifying Transaction by the Corporation, if any, it is anticipated that the Corporation will pay compensation to its directors and officers in accordance with industry standards, depending on the nature and size of the particular business that the Corporation acquires in connection with any Qualifying Transaction that it may complete.

**Pension Disclosure**

The Corporation has no pension or other benefit plans currently in place.

**SECURITIES AUTHORIZED FOR ISSUANCE UNDER EQUITY COMPENSATION PLANS**

The following table sets forth the securities of the Corporation that are authorized for issuance under the equity compensation plans as at date hereof.

<b>Plan Category</b>	<b>Number of securities to be issued upon exercise of outstanding options, warrants and rights</b>	<b>Weighted-average exercise price of outstanding options, warrants and rights</b>	<b>Number of securities remaining available for future issuance under equity compensation plans</b>
Equity compensation plans approved by securityholders	Nil	Nil	Nil
Equity compensation plans not approved by securityholders <sup>(1)</sup>	822,222	0.10	38,928

**Notes:**

(1) Options granted in accordance with the New CPC Policy and did not require Shareholder approval.

**INDEBTEDNESS OF DIRECTORS AND EXECUTIVE OFFICERS**

None of the directors and officers of the Corporation, any proposed management nominee for election as a director of the Corporation or any associate of any director, officer or proposed management nominee is or has been indebted to the Corporation at any time during the last completed financial year.

**INTEREST OF INFORMED PERSONS IN MATERIAL TRANSACTIONS**

No informed persons of the Corporation (as defined in National Instrument 51-102), nor any proposed nominee for election as a director of the Corporation, nor any associate or affiliate of the foregoing persons has any material interest, direct or indirect, in any transaction since the commencement of the Corporation's most recently completed financial year or in any Transaction which, in either case, has or will materially affect the Corporation and none of such persons has any material interest in any transaction proposed to be undertaken by the Corporation that will materially affect the Corporation.

## CORPORATE GOVERNANCE

Please see the attached Schedule “A” for information on the Corporation’s Corporate Governance (Form 58-101F2).

### AUDIT COMMITTEE

#### **Audit Committee Charter**

The Charter of the Corporation’s Audit Committee is attached to this Management Information Circular as Schedule “B”.

#### **Composition of the Audit Committee**

The following are the members of the Audit Committee:

Alexey Maslovskiy	-	Independent*; Financially Literate*
Dr. Nataliya Hearn	-	Independent*; Financially Literate*
Dan Hrushewsky	-	Independent*; Financially Literate*

\* As defined by Multilateral Instrument 52-110 – Audit Committees (“MI 52-110”).

#### **Education and Experience**

Alexey Maslovskiy – Mr. Maslovskiy is a seasoned strategic director with a successful background in the delivery of a series of gold exploration programs in South America and the Far East of the Russian Federation. Mr. Maslovskiy is currently a Head Of Mining for PH Ltd in London, UK. Mr. Maslovskiy has served as an Executive Director and Group Head of Business Development for Petropavlovsk plc, a London-based gold mining company with operations in Russia, since December 2009. Mr. Maslovskiy formerly served as Group Treasurer and Board Director for Petropavlovsk from October 2003 to December 2009.

Dr. Nataliya Hearn – Dr. Hearn has obtained significant managerial experience and entrepreneurship in both public and private companies operating in precious and non-precious metals industries since 1999. Currently, Dr. Hearn is President of Link-Tech Inc., a company that supplies the necessary material for remote rehabilitation of underground pipes, since April 2015; and Director of Bio Life Sciences Inc. (Symbol: BLFE OTCPK), since December 2020. Previously, Dr. Hearn was CEO of American Rare Earths and Materials (Symbol: AREM -- NASDAQ –OTCB) 2010-2012; CEO, Founder, and Director of Element 21 Sports (Symbol: EGLF -- NASDAQ –OTCB) 2002-2010; and Director of Mag Industries (Symbol: MAA.V -- TXS.V) 1999-2016.

Dan Hrushewsky – Mr. Hrushewsky provides both managerial and practical experience in mining project equity and debt finance, mining project evaluation and acquisition, and mine development studies with finance and mining companies. Mr. Hrushewsky is currently a consultant with 55 North Mining Inc. and Blackjack Silver Corp. Mr. Hrushewsky was the Executive Vice President of Bunker Hill Mining Corp., a mining company with facilities in Kellogg and Wardner, Idaho, between August 2017 and August 2018. Mr. Hrushewsky was a Senior Gold Equity Mining Analyst at Jennings Capital Inc./Northland Capital Partners from June 2011 to December 2013. From December 2013 to July 2017, Mr. Hrushewsky was a self-employed consultant working with the following mining-related businesses: Bunker Hill Mining Corp., Oxygen Capital Corporation, Aureus Mining Inc., Petropavlovsk plc, Teranga Gold Corporation, and Whittle Consulting.

#### **Audit Committee Oversight**

At no time since the commencement of the Corporation’s most recently completed financial year was a recommendation of the Committee to nominate or compensate an external auditor not adopted by the Board of Directors.

### Reliance on Certain Exemptions

At no time since the commencement of the Corporation's most recently completed financial year has the Corporation relied on the exemption in Section 2.4 of MI 52-110 (De Minimis Non-Audit Services), or an exemption from MI 52-110, in whole or in part, granted under Part 8 of Multilateral Instrument 52-110.

### Pre-Approval Policies and Procedures

The Audit Committee has not adopted specific policies and procedures for the engagement of non-audit services. The Audit Committee will review the engagement of non-audit services as required.

### External Auditor Service Fees (by Category)

The aggregate fees billed by the Corporation's external auditors in each of the last two fiscal years for audit fees are as follows:

Financial Year Ending	Audit Fees <sup>(1)</sup>	Audit Related Fees <sup>(2)</sup>	Tax Fees <sup>(3)</sup>	All Other Fees
2019	\$14,509	Nil	\$1,780	\$1,780
2020	\$11,696	Nil	Nil	Nil

**Notes:**

- (1) Represents fees paid for professional services rendered by the auditors for the audit of the Corporation's annual financial statements and services provided in connection with statutory and regulatory filings.
- (2) Represents fees incurred in connection with the International Financial Reporting Standard compliance.
- (3) Represents fees incurred for professional services rendered by the Corporation's external auditor for tax compliance, tax advice, and tax planning.

### Exemption

The Corporation is relying on the exemption provided in Section 6.1 of MI 52-110 and, as such, the Corporation is exempt from Parts 3 (Composition of the Audit Committee) and 5 (Reporting Obligations) of MI 52-110.

## PARTICULARS OF MATTERS TO BE ACTED UPON

### 1. Financial Statements

The financial statements of the Corporation for the Corporation's financial year ended October 31, 2020, which financial statements accompanying this Management Information Circular, will be placed before the Shareholders at the Meeting.

### 2. Election of Directors

The term of office of each of the present directors expires at the Meeting. At the Meeting, the Shareholders will be asked to fix the number of directors of the Corporation to be elected at five. Management of the Corporation proposes to nominate the persons named below for election as directors of the Corporation at the Meeting, each to serve until the next annual meeting of the Shareholders of the Corporation, unless his office is earlier vacated.

Voting for the election of the below named directors comprising the nominees will be conducted on an individual, and not slate basis.. Shareholders can vote for all of the proposed directors set forth herein, vote for some of them and withhold from voting for others, or withhold for all of them. **Unless otherwise instructed, the named proxyholders intend to vote "FOR" the election of each of the proposed nominees set forth below as Directors of the Corporation.** If, prior to the Meeting, any vacancies occur in the list of proposed nominees herein submitted, the persons named in the enclosed form of proxy intend to vote FOR the election of any substitute nominee or nominees recommended by management of the Corporation and FOR the remaining proposed nominees. Management has been informed that each of the proposed nominees listed below is willing to serve as a director if elected.

The following information concerning the proposed nominees has been furnished by each of them:

Name, Residence and Present Office Held	Principal Occupation or Employment	Director Since	Number of Common Shares Beneficially Owned or Controlled <sup>(1)</sup> and [percentage] of total issued and outstanding
<b>Gairat Gary Bay</b> Toronto, Canada <i>President, Chief Executive Officer and Director</i>	Chief Executive Officer of WBD Gold Inc., a privately-owned, Guyana-based mineral and mining exploration company	June 2018	370,000 [4.30%]
<b>Peter Hambro</b> London, United Kingdom <i>Director</i>	Chairman and majority shareholder of Peter Hambro Ltd, a London based investment house, specializing in mining and private equity participation since 1990.  Peter Hambro is also as director and Chairman of IRC Limited, a Hong Kong based and HXK listed mining company with iron ore deposits, mines and a magnetic separation plant producing >5% iron ore concentrate in far eastern Russia.  For 25 years Mr. Hambro was Chairman of London LSE premium listed Petropavlovsk plc, which produces c. 500,000 ounces of gold from mines in the Russian far east.	June 2018	1,332,000 [15.47%]
<b>Alexey Maslovskiy<sup>(2)</sup></b> London, United Kingdom <i>Director</i>	Head of Mining for PH Ltd.	June 2018	666,000 [7.73%]
<b>Dr. Nataliya Hearn<sup>(2)</sup></b> Toronto, Canada <i>Director</i>	President of Link-Tech Inc., a company that supplies the necessary material for remote rehabilitation of underground pipes.	June 2018	100,000 [1.16%]
<b>Dan Hrushewsky<sup>(2)</sup></b> Toronto, Canada <i>Director</i>	Consultant	June 2018	100,000 [1.16%]

**Notes:**

- (1) The information as to the number of Common Shares beneficially owned, not being within the knowledge of the Corporation, has been furnished by the respective nominees. These figures do not include any securities that are convertible into or exercisable for Common Shares.
- (2) Member of the Audit Committee.

*Corporate Cease Trade Orders or Bankruptcies*

To the knowledge of the Corporation, no proposed director is, as at the date of the Information Circular, or has been, within 10 years before the date of the Information Circular, a director, chief executive officer (“CEO”) or chief financial officer (“CFO”) of any company (including the Corporation) that:

- (i) was the subject, while the proposed director was acting in the capacity as director, CEO or CFO of such company, of a cease trade or similar order or an order that denied the relevant company access to any exemption under securities legislation, that was in effect for a period of more than 30 consecutive days; or

- (ii) was subject to a cease trade order, an order similar to a cease trade order or an order that denied the relevant company access to any exemption under securities legislation, for a period of more than 30 consecutive days, that was issued after the director or executive officer ceased to be a director, chief executive officer or chief financial officer and which resulted from an event that occurred while that person was acting in the capacity as director, chief executive officer or chief financial officer.

No director, proposed director or executive officer of the Corporation, and no shareholder holding a sufficient number of securities of the Corporation to affect materially the control of the Corporation:

- (a) is, as at the date of this Management Information Circular, or has been within the 10 years before the date of this Management Information Circular, a director or executive officer of any company (including the Corporation) that, while that person was acting in that capacity, or within a year of that person ceasing to act in that capacity, became bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency or was subject to or instituted any proceedings, arrangement or compromise with creditors or had a receiver, receiver manager or trustee appointed to hold its assets; or
- (b) has, within 10 years before the date of this Management Information Circular, become bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency, or become subject to or instituted any proceedings, arrangement or compromise with creditors, or had a receiver, receiver manager or trustee appointed to hold the assets of the director, executive officer or shareholder.

#### *Penalties or Sanctions*

To the knowledge of the Corporation, no director, proposed director or executive officer of the Corporation, and no shareholder holding a sufficient number of securities of the Corporation to affect materially the control of the Corporation, has been subject to:

- (a) any penalties or sanctions imposed by a court relating to securities legislation or by a securities regulatory authority or has entered into a settlement agreement with a securities regulatory authority; or
- (b) any other penalties or sanctions imposed by a court or regulatory body that would likely be considered important to a reasonable investor in making an investment decision.

### **3. Appointment of Auditors**

At the Meeting, Shareholders will be asked to consider and, if deemed advisable, to pass a resolution approving the appointment of RSM Canada LLP as auditor of the Corporation and authorizing the directors of the Corporation to determine the remuneration to be paid to the auditor. RSM Canada LLP has been the auditor of the Corporation since 2018.

Approval of the appointment of the auditors will require the affirmative votes of the holders of not less than half of the votes cast in respect thereof by Shareholders present in person or by proxy at the Meeting. **Unless instructed otherwise, the management designees in the accompanying Instrument of Proxy intend to vote “FOR” the resolution.**

### **4. Amendments Pursuant to New CPC Policy**

The Corporation is a capital pool company (“CPC”) under the policies of the Exchange. Effective January 1, 2021, the Exchange significantly amended its rules governing the CPC program (the “**New CPC Policy**”). An outline of the significant amendments under the New CPC Policy, as provided by the Exchange, are set out herein as Schedule “C”.

Under the policies of the Exchange, an existing CPC can implement certain changes under the New CPC Policy without Shareholder approval, but certain other changes, including the following changes, will require specific approval from those shareholders of the Corporation that do not have a direct or indirect interest in the outcome of the resolution in question (“**Disinterested Shareholders**”):

- adopt a 10% rolling stock option plan;
- remove the consequences of failing to complete Qualifying Transaction within 24 months of listing; and
- amend escrow terms to track those permitted under the New CPC Policy.

The directors of the Corporation recommend the implementation of the foregoing changes and will seek the approval from Disinterested Shareholders for the changes as more specifically described below.

In addition to the terms defined above, in this Section 4, the following terms shall have the following meanings:

**“Affiliate”** means a company that is affiliated with another company as described below:

A company is an “Affiliate” of another company if:

- one of them is the subsidiary of the other, or
- each of them is controlled by the same Person.

A company is “controlled” by a Person if:

- voting securities of the company are held, other than by way of security only, by or for the benefit of that Person, and
- the voting securities, if voted, entitle the Person to elect a majority of the directors of the

company; A Person beneficially owns securities that are beneficially owned by:

- a company controlled by that Person, or
- an Affiliate of that Person or an Affiliate of any company controlled by that Person;

**“Associate”** when used to indicate a relationship with a Person, means:

- an Issuer of which the Person beneficially owns or controls, directly or indirectly, voting securities entitling him to more than 10 percent of the voting rights attached to all outstanding voting securities of the Issuer;
- any partner of the Person;
- any trust or estate in which the Person has a substantial beneficial interest or in respect of which the Person serves as trustee or in a similar capacity; and
- in the case of a Person who is an individual:
  - that Person’s spouse or child, or
  - any relative of that Person or of his spouse who has the same residence as that person;

but

- where the Exchange determines that two Persons shall, or shall not, be deemed to be Associates with respect to a Member firm, Member corporation or holding company of a Member corporation, then such determination shall be determinative of their relationships in the application of applicable Exchange rules with respect to that Member firm, Member corporation or holding company;

**“Final Exchange Bulletin”** means the Exchange bulletin issued following closing of the Qualifying Transaction and the submission of all required documentation that evidences the final Exchange acceptance of the Qualifying Transaction;

**“Initial Listing Requirements”** means the minimum financial, distribution and other standards that must be met by applicants seeking a listing on a particular tier of the Exchange;

**“IPO”** means a transaction that involves a corporation issuing securities from its treasury pursuant to its first prospectus;

**“Member”** means a Person who has executed the Members’ Agreement, as amended from time to time, and is accepted as and becomes a member of the Exchange under the Exchange requirements;

**“NEX”** means a market on which former Exchange and Toronto Stock Exchange Issuers that do not meet Exchange tier maintenance requirements for Tier 2 issuers may continue to trade;

**“Non-Arm’s Length Party”** means:

- (a) in relation to a company:
  - (i) a promoter, officer, director, other Insider or Control Person of that company (including an Issuer) and any Associates or Affiliates of any of such persons; or
  - (ii) another entity or an Affiliate of that entity, if that entity or its Affiliate have the same Promoter, officer, director, Insider or Control Person as the company.
- (b) In relation to an individual, means any Associate of the individual or any company of which the individual is a Promoter, officer, director, Insider or Control Person;

**“Non-Arm’s Length Qualifying Transaction”** means a proposed Qualifying Transaction where the same party or parties or their respective Associates or Affiliates are control persons in both the CPC and in relation to the Significant Assets which are the subject of the proposed Qualifying Transaction;

**“Person”** means a company or individual;

**“Qualifying Transaction”** means a transaction where a CPC acquires Significant Assets, other than cash, by way of purchase, amalgamation, merger or arrangement with another company or by other means; and

**“Significant Assets”** means one or more assets or businesses which, when purchased, optioned or otherwise acquired by the CPC, together with any other concurrent transactions, would result in the CPC meeting the Initial Listing Requirements.

(a) *Adoption of 10% Rolling Stock Option Plan*

The Corporation has adopted an incentive stock option plan (the **“Current Plan”**) that provides that the Board of Directors of the Corporation may from time to time, in its discretion, and in accordance with Exchange requirements, grant to directors, officers and technical consultants to the Corporation, non-transferable options to purchase Common Shares, provided that the number of Common Shares reserved for issuance will not exceed 10% of the Corporation’s issued and outstanding Common Shares as at the closing of the Corporation’s IPO, exercisable for a period of up to a maximum of five years from the date of grant. Under the terms of the Current Plan, the number of Common Shares reserved for issuance to any individual director or officer will not exceed 5% of the issued and outstanding Common Shares and the number of Common Shares reserved for issuance to all technical consultants will not exceed 2% of the issued and outstanding Common Shares.

The New CPC Policy permits the Corporation to adopt a “10% rolling stock option plan”, such that the total number of Common Shares that may be reserved for issuance pursuant to options under the Plan may not exceed 10% of the Common Shares issued and outstanding at the date of grant.

The Directors of the Corporation have approved a new option plan that revises the-share limitation in accordance with the New CPC Policy (the “**New Plan**”), subject to Shareholder and Exchange approval. The full text of the New Plan is set out in Schedule “D” hereto. The only difference between the Current Plan and the New Plan is the revision of the terms relating to the New CPC Policy. The Exchange has conditionally approved the adoption of the amendments to the Plan, subject to approval of the Disinterested Shareholders hereunder.

Management of the Corporation will place before the Meeting the following resolution relating to the approval of the New Plan:

**“BE IT RESOLVED, AS AN ORDINARY RESOLUTION, THAT:**

- 1. the Corporation’s Stock Option Plan (the “Plan”) be and is hereby confirmed, ratified and approved in substantially the form attached as Schedule “D” to the Information Circular prepared for the purposes of this Meeting;**
- 2. the Corporation be and is hereby authorized to grant stock options for up to 10% of the Common Shares of the Corporation outstanding from time to time pursuant and subject to the terms and conditions of the Plan;**
- 3. the outstanding stock options previously granted to directors, officers, employees and others be and are hereby ratified, confirmed and approved; and that all existing stock options becoming subject to the provisions of the Plan upon adoption by the Corporation;**
- 4. the Board of Directors be and is hereby authorized, on behalf of the Corporation, to make any amendments to the Plan as may be required by regulatory authorities, without further approval of the shareholders of the Corporation, in order to ensure adoption of the Plan;**
- 5. notwithstanding that this resolution has been duly passed by the shareholders of the Corporation, without further resolution of shareholders, approval is hereby given to the Board of Directors of the Corporation, in their sole discretion, to revoke this resolution at any time and to refrain from implementing the Plan; and**
- 6. any one director or officer of the Corporation be and is hereby authorized and directed to do all such acts and things and to execute and deliver under the corporate seal or otherwise all such deeds, documents, instruments and assurances as in his opinion may be necessary or desirable to give effect to this resolution.”**

The approval by Shareholders requires a favourable vote of a majority of the Common Shares voted in respect thereof at the Meeting by Disinterested Shareholders. Common Shares held by Gairat Gary Bay, Dr. Pavel Maslovskiy, Peter Hambro, Alexey Maslovskiy, Dr. Nataliya Hearn and Dan Hrushewsky, all of whom hold options granted under the Current Plan, will be excluded from voting in respect of the foregoing resolution. Dr. Hearn and Messrs. Bay, P. Maslovskiy, Hambro, A. Maslovskiy, and Hrushewsky collectively hold an aggregate of 3,900,000 Common Shares in the Corporation, or 45.29% of the Common Shares of the Corporation currently issued and outstanding.

**The directors of the Corporation recommend the approval of the foregoing resolutions. Unless instructed otherwise, the management designees in the accompanying Instrument of Proxy intend to vote “FOR” the foregoing resolution.**

*(b) Removal of Consequences of Failing to Complete Qualifying Transaction within 24 Months of Listing*

Currently, in the event that the Corporation fails to complete a Qualifying Transaction within 24 months of the date its Common Shares became listed and posted for trading on the Exchange (the “**Listing Date**”), it faces the consequences of either (i) having Common Shares delisted or suspended from the Exchange, (ii) or, subject to the approval of the majority of Shareholders, transferring the Common Shares to list on the NEX and cancelling certain seed Common Shares. The New CPC Policy eliminates the requirement for a Capital Pool Company, such as the Corporation, to complete a Qualifying Transaction within 24 months of the Listing Date and eliminates the associated consequences of not completing such requirement.

Management of the Corporation will place before the Meeting the following resolution relating to the approval of the foregoing:

**“BE IT RESOLVED, AS AN ORDINARY RESOLUTION, THAT:**

- 1. subject to the approval of the TSX Venture Exchange, the application to the Corporation of the new rules set out under Policy 2.4 of the TSX Venture Exchange effective January 1, 2021 removing of the potential consequences of the Corporation failing to complete a Qualifying Transaction within 24 months after the date of listing of the Common Shares on the Exchange be and is hereby authorized, confirmed and approved; and**
- 2. any one director or officer of the Corporation be and is hereby authorized and directed to do all such acts and things and to execute and deliver under the corporate seal or otherwise all such deeds, documents, instruments and assurances as in his opinion may be necessary or desirable to give effect to this resolution.”**

The approval by Shareholders requires a favourable vote of a majority of the Common Shares voted in respect thereof at the Meeting by Disinterested Shareholders. Common Shares held by Gairat Gary Bay, Dr. Pavel Maslovskiy, Peter Hambro, Alexey Maslovskiy, Dr. Nataliya Hearn and Dan Hrushewsky, all of whom hold Common Shares that could be subject to cancellation upon the Corporation’s listing on the NEX, will be excluded from voting in respect of the foregoing resolution. Dr. Hearn and Messrs. Bay, P. Maslovskiy, Hambro, A. Maslovskiy, and Hrushewsky collectively hold an aggregate of 3,900,000 Common Shares in the Corporation, or 45.29% of the Common Shares of the Corporation currently issued and outstanding.

**The directors of the Corporation recommend the approval of the foregoing resolutions. Unless instructed otherwise, the management designees in the accompanying Instrument of Proxy intend to vote “FOR” the foregoing resolution.**

*(c) New Escrow Agreement*

The Corporation entered into an escrow agreement dated February 25, 2018 (the “**Seed Share Escrow Agreement**”) with Dan Hrushewsky, Dr. Nataliya Hearn, Dr. Pavel Maslovskiy, Peter Hambro, Gairat Gary Bay, Alexey Maslovskiy, Enrico Visentini and TSX Trust Company pursuant to the CPC policies of the Exchange then in effect.

Under the Seed Share Escrow Agreement, 10% of the escrowed shares will be released from escrow on the issuance of the Final Exchange Bulletin (the “**Initial Release**”) and an additional 15% will be released on the dates 6 months, 12 months, 18 months, 24 months, 30 months and 36 months following the Initial Release. The Seed Share Escrow Agreement also provides that all Common Shares acquired on exercise of the stock options prior to the completion of a Qualifying Transaction must also be deposited in escrow and will be subject to escrow until the Final Exchange Bulletin is issued.

Under the New CPC Policy, the Corporation’s escrowed securities would be subject to a different escrow release schedule whereby 25% of the escrowed securities would be released from escrow on the Initial Release and 25% of the escrowed securities would be released from escrow on each of the 6, 12 and 18 months following such date. The

New CPC Policy also provides that (i) all options granted prior to the date the Exchange issues a final bulletin for the Corporation's Qualifying Transaction and all Common Shares that were issued upon exercise of such options prior to such date will be released from escrow on such date, other than options that (a) were granted prior to the Corporation's IPO with an exercise price that is less than the issue price of the Common Shares issued in the IPO and (b) any Common Shares that were issued pursuant to the exercise of such options, which will be released from escrow in accordance with the schedule set out above.

The Exchange has adopted a new form of escrow agreement for CPCs on January 1, 2021 (the "**New Escrow Agreement**") that reflects the policies of the New CPC Policy. The Corporation wishes to enter into a new escrow agreement with TSX Trust Company, Dr. Hearn and Messrs. Bay, P. Maslovskiy, Hambro, A. Maslovskiy, and Hrushewsky in substantially the form of the New Escrow Agreement, to amend, supersede and replace the Seed Share Escrow Agreement and the Corporation is seeking Disinterested Shareholder Approval in order to do so.

Management of the Corporation will place before the Meeting the following resolution relating to the approval of the foregoing:

**"BE IT RESOLVED, AS AN ORDINARY RESOLUTION, THAT:**

- 1. subject to the approval of the TSX Venture Exchange, the Corporation be and is hereby authorized to enter into an escrow agreement in the form approved for Capital Pool Companies by the TSX Venture Exchange on January 1, 2021 to amend, supersede and replace the Seed Share Escrow Agreement dated February 25, 2018 among the Corporation, Dan Hrushewsky, Dr. Nataliya Hearn, Dr. Pavel Maslovskiy, Peter Hambro, Gairat Gary Bay, Alexey Maslovskiy, Enrico Visentini and TSX Trust Company; and**
- 2. any one director or officer of the Corporation be and is hereby authorized and directed to do all such acts and things and to execute and deliver under the corporate seal or otherwise all such deeds, documents, instruments and assurances as in his opinion may be necessary or desirable to give effect to this resolution."**

The approval by Shareholders requires a favourable vote of a majority of the Common Shares voted in respect thereof at the Meeting by Disinterested Shareholders. Common Shares held by Gairat Gary Bay, Dr. Pavel Maslovskiy, Peter Hambro, Alexey Maslovskiy, Dr. Nataliya Hearn and Dan Hrushewsky, all of whom hold Common Shares that are subject to the Seed Share Escrow Agreement, will be excluded from voting in respect of the foregoing resolution. Dr. Hearn and Messrs. Bay, P. Maslovskiy, Hambro, A. Maslovskiy, and Hrushewsky collectively hold an aggregate of 3,900,000 Common Shares in the Corporation, or 45.29% of the Common Shares of the Corporation currently issued and outstanding.

**The directors of the Corporation recommend the approval of the foregoing resolutions. Unless instructed otherwise, the management designees in the accompanying Instrument of Proxy intend to vote "FOR" the foregoing resolution.**

**ADDITIONAL INFORMATION**

Additional information relating to the Corporation is available through the internet on the Canadian System for Electronic Document Analysis and Retrieval (SEDAR) which can be accessed at [www.sedar.com](http://www.sedar.com). Financial information on the Corporation is provided in the comparative financial statements and management discussion and analysis of the Corporation which can also be accessed at [www.sedar.com](http://www.sedar.com) or which may be obtained upon request from the Corporation at its registered office located at TD Bank Tower, 66 Wellington Street West, Suite 4100, Toronto, Ontario, M5K 1B7.

**SCHEDULE "A"****XAU RESOURCES INC.****CORPORATE GOVERNANCE POLICY****CORPORATE GOVERNANCE DISCLOSURE (FORM 58-101F2)**

The Board and senior management of the Corporation consider good corporate governance to be central to the effective operation of the Corporation and are committed to maintaining a high standard of corporate governance.

The Board has assumed the responsibility for the development of certain governance practices and mechanisms. Responsibilities with respect to corporate governance practices include: (i) establishing and reviewing member characteristics for the Board; (ii) evaluating, identifying and recommending nominees to the Board; (iii) monitoring and reviewing the education and development of members of the Board; (iv) recommending directors to serve as committee members and chairs; (v) reviewing and developing corporate governance guidelines, policies and procedures for the Board; (vi) establishing and implementing evaluation processes for the Board, committees and chairs; (vii) establishing procedures for the engagement of independent counsel by a director; (viii) reviewing disclosure by the Corporation; and (ix) reviewing and evaluating the Board's charter and efficiency.

The Board and the Corporation are devoting attention and resources to reviewing the Corporation's corporate governance practices and ensuring that the Corporation's system of corporate governance meets applicable legal requirements. The Board created the charter of the Audit Committee.

The Board consists of three directors who have significant experience in, and an understanding of the role and responsibilities of acting as a director.

**Directorships**

The Board currently consists of five directors, all of whom are proposed for election at the Meeting. The Board has concluded that four of the five directors are independent. Gairat Gary Bay is not considered to be independent by virtue of his executive positions with the Corporation.

The following current and proposed directors of the Corporation presently serve as directors of other reporting issuers as follows: Peter Hambro, Director and Chairman of IRC Ltd., a Hong Kong based and HXK listed mining company; and Dr. Natalya Hern, Director of Bio Life Sciences Inc. (OTC Pink sheets reporting issuer).

The Board and committees hold regularly scheduled meetings with a view to facilitating regular open and candid discussion among the directors, including an entitlement for the directors to hold in camera sessions without management present at the meetings of the Board, as deemed necessary, which ensures that adequate structures and processes are in place to permit the Board to function independently of management.

**Orientation and Continuing Education**

The Corporation also provides directors with continuous opportunities to increase their knowledge and understanding of the Corporation's business. Briefings on strategic issues are conducted regularly, and typically include reviews of the competitive environment, the Corporation's performance relative to its peers, and any other developments that could materially affect the Corporation's business.

**Ethical Business Conduct**

The Board has found that the fiduciary duties placed on individual directors by the Corporation's governing corporate legislation and the common law and the restrictions placed by applicable corporate legislation on an individual director's participation in decisions of the Board in which the director has an interest have been sufficient to ensure that the Board operates independently of management and in the best interests of the Corporation.

Under corporate legislation, a director is required to act honestly and in good faith with a view to the best interests of the Corporation and exercise the care, diligence and skill that a reasonably prudent person would exercise in comparable circumstances, and disclose to the Board the nature and extent of any interest of the director in any material contract or material transaction, whether made or proposed, if the director is a party to the contract or transaction, is a director or officer (or an individual acting in a similar capacity) of a party to the contract or transaction or has a material interest in a party to the contract or transaction.

The Board has considered the adoption of the following corporate governance policies with respect to maintaining the highest standards of integrity and ethical behaviour in the conduct of its business: (i) Whistleblower Policy (ii) Code of Conduct Policy; (iii) Insider Trading and Blackout Policy; and (iv) Corporate Disclosure Policy and Practices

### **Nomination of Directors**

The Board is responsible for identifying new candidates for Board nomination.

### **Compensation**

The Board is responsible for determining the compensation of the directors and executive officers. The Board uses market data for comparable industry sectors in order to set compensation levels.

### **Other Board Committees**

The Corporation has no committees other than the Audit Committee.

### **Board Assessments**

The Board has not implemented a formal process for assessing its effectiveness or the effectiveness of individual members or committees. Due to the Corporation's size, its stage of development and the limited number of directors, the Board considers a formal assessment process to be unnecessary at this time. The Board continues to evaluate its own effectiveness on an ad hoc basis.

**SCHEDULE “B”****XAU RESOURCES INC.****AUDIT COMMITTEE CHARTER****CONSTITUTION AND PURPOSE**

The audit committee (the “**Committee**”) has been established by resolution of the board of directors (the “**Board**”) of XAU Resources Inc. (the “**Company**”) for the purpose of assisting the Board in fulfilling its oversight responsibilities in relation to the accounting and financial reporting processes of the Company, audits of the financial statements of the Company, review of the Company’s systems of internal controls and in relation to risk management matters including:

- (a) the review of the annual and interim financial statements of the Company;
- (b) the integrity and quality of the Company’s financial reporting and systems of internal control, and financial risk management;
- (c) the Company’s compliance with legal and regulatory requirements;
- (d) the qualifications, independence, engagement, compensation and performance of the Company’s external auditors (the “**Company’s Auditors**”); and
- (e) the exercise of the responsibilities and duties set out in this charter (the “**Charter**”).

**COMPOSITION**

The members of the Committee shall be appointed by the Board from amongst the directors of the Company (the “**Directors**”) and shall be comprised of not less than three members. A majority of the members of the Committee shall be “independent”, as that term is defined in National Instrument 52-110 – *Audit Committees* (“**NI 52-110**”).

All members of the Committee shall be “financially literate”, as such term is defined in NI 52-110 or shall acquire within a reasonable time following appointment to the Committee, the ability to read and understand a set of financial statements that present the breadth and level of complexity of accounting issues that are generally comparable to the breadth and complexity of the issues that can reasonably be expected to be raised by the Company’s financial statements.

Each member of the Committee shall serve at the pleasure of the Board until the member resigns, is removed or ceases to be a member of the Board. The Board shall fill vacancies in the Committee by appointment from among the members of the Board. If a vacancy exists on the Committee, the remaining members shall exercise all its powers so long as a quorum remains in office. The Board shall appoint a chair for the Committee from its members (the “**Chair**”). If the Chair of the Committee is not present at any meeting of the Committee, one of the other members of the Committee who is present at the meeting shall be chosen by the Committee to preside at the meeting.

No Director who serves as board member of any other company shall be eligible to serve as a member of the Committee unless the Board has determined that such simultaneous service would not impair the ability of such member to effectively serve on the Committee. Determinations as to whether a particular Director satisfies the requirements for membership on the Committee shall be made by the corporate governance committee of the Board. No member of the Committee shall receive from the Company or any of its affiliates any compensation other than the fees to which he or she is entitled as a Director of the Company or a member of a committee of the Board. Such fees may be paid in cash and/or shares, options or other in-kind consideration ordinarily available to Directors.

## MEETING PROTOCOLS

The Committee shall meet at least once every quarter and shall meet at such other times during each year as the Chair of the Committee deems appropriate. The Chair of the Committee, any member of the Committee, the Company's Auditors, the Chairman of the Board, the Chief Executive Officer ("CEO") or the Chief Financial Officer ("CFO") may call a meeting of the Committee by notifying the Company's corporate secretary, who will notify the members of the Committee. A majority of members of the Committee shall constitute a quorum.

At least five days' notice of any meeting of the Committee shall be given in writing to each member of the Committee by any means of transmitted or recorded communication that produces a written copy, including by email. Notice may be waived or shortened with the consent of all the members of the Committee. Attendance by a member at a meeting notwithstanding any failure to give notice in accordance with this Charter shall be deemed to constitute waiver of notice of such meeting by such member. Notice of each meeting of the Committee shall also be given to the Chairman of the Board, the CEO, and CFO of the Company, and the Company's Auditors.

The Chairman of the Board, the CEO and CFO of the Company, if invited by the Chair of the Committee, attend and speak at meetings of the Committee. Other Board members shall also, if invited by the Chair of the Committee, have the right of attendance. A representative of the Company's Auditors shall have the right to attend and speak at any meeting of the Committee, and may attend if invited by the Chair of the Committee, in either case at the expense of the Company.

The Committee may also invite any other officers or employees of the Company, legal counsel, the Company's financial advisors and any other persons to attend meetings and give presentations with respect to their area of responsibility, as considered necessary by the Committee.

At least quarterly, representatives of the Company's Auditors shall meet the Committee without any of the executive Directors or other members of management in attendance, except by invitation of the Committee.

The Committee shall at each meeting appoint one of its members or any other attendee to be the secretary of the Committee.

Every question at a Committee meeting shall, if necessary, be decided by a majority of the votes cast.

Subject to any statutory or regulatory requirements or the articles and by-laws of the Company, the Committee shall fix its own procedures at meetings, maintain minutes or other records of its proceedings in sufficient detail to convey the substance of all discussions held and report to the Board at the next meeting of the Board. The minutes of the Committee's meetings shall be tabled at the next meeting of the Board.

The Committee shall prepare a report to shareholders or others, concerning the Committee's activities in the discharge of its responsibilities, when and as required by the by-laws of the Company or applicable laws or regulations.

The Chair of the Committee shall be available at the annual general meeting of the Company to respond to any shareholder questions on the activities and responsibilities of the Committee.

## AUTHORITY

The Committee is authorized by the Board to:

- (a) investigate any matter within its Charter;
- (b) have direct communication with the Company's Auditors;
- (c) seek any information it requires from any employee of the Company; and

- (d) retain, at its discretion, outside legal, accounting or other advisors, at the expense of the Company, to obtain advice and assistance in respect of any matters relating to its duties, responsibilities and powers as provided for or imposed by this Charter or otherwise by law or the by-laws of the Company.

## **ROLES & RESPONSIBILITIES**

The Committee shall have the roles and responsibilities set out below, as well as any other functions that are specifically delegated to the Committee by the Board and that the Board is authorized to delegate by applicable laws and regulations. In addition to these roles and responsibilities, the Committee shall perform the duties required of an audit committee by any exchange upon which securities of the Company are traded, or any governmental or regulatory body exercising authority over the Company.

### **A. Review of Accounting and Financial Reporting Matters**

1. Review the Company's interim and annual financial statements and management's discussion & analysis of operations (the "MD&A"); annual information forms and earnings press releases prior to their public disclosure and Board approval, where required, and ensure that adequate procedures are in place for the review of the Company's public disclosure of financial information extracted or derived from the Company's financial statements.
2. Following such review with management and the Company's Auditors, recommend to the Board whether to approve the annual or interim financial statements and MD&A and any other filings with the securities commissions.
3. Monitor in discussion with the Company's Auditors the integrity of the financial statements of the Company before submission to the Board, focusing particularly on:
  - (a) significant accounting policies and practices and any changes in such accounting policies and practices;
  - (b) major judgment areas including significant estimates and key assumptions;
  - (c) significant adjustments resulting from the audit;
  - (d) the going concern assumption;
  - (e) compliance with accounting standards including the effects on the financial statements of alternative methods within generally accepted accounting principles;
  - (f) the Company's Auditors' judgment about the quality, not just the acceptability, of the accounting principles applied in the Company's financial reporting;
  - (g) compliance with stock exchange and legal requirements;
  - (h) the extent to which the financial statements are affected by any unusual transactions;
  - (i) significant off-balance sheet and contingent asset and liabilities and the related disclosures;
  - (j) significant interim review audit findings during the year, including the status of previous audit recommendations; and
  - (k) all related party transactions with the required disclosures in the financial statements.

4. On at least an annual basis, review with the Company's legal counsel and management, all legal and regulatory matters and litigation, claims or contingencies, including tax assessments, that could have a material effect upon the financial position of the Company, and the manner in which these matters may be, or have been, disclosed in the financial statements.

**B. Relationship with the Company's Auditors**

1. Consider and make recommendations to the Board, for it to put to the shareholders for their approval in a general or special meeting, in relation to the appointment, re-appointment and removal of the Company's Auditors and to approve the compensation and terms of engagement of the Company's Auditors for the annual audit, interim reviews and any other audit related services.
2. Require the Company's Auditors to report directly to the Committee.
3. Discuss with the Company's Auditors, before an audit commences, the nature and scope of the audit, and other relevant matters.
4. Review and monitor the independence, objectivity and performance of the Company's Auditors and the effectiveness of the audit process taking into consideration relevant professional and regulatory requirements.
5. Review and approve the Company's hiring policies regarding partners, employees and former partners and employees of the present and former auditors of the Company.
6. Discuss problems and reservations arising from an audit, and any matters the Company's Auditors may wish to discuss (in the absence of management where necessary).
7. Review the Company's Auditors' management letter and management's response.
8. Develop and implement a pre-approval policy on the engagement of the Company's Auditors to supply non-audit services to the Company and its subsidiaries, taking into account relevant ethical guidance regarding the provision of non-audit services by the Company's Auditors and the preservation of their independence.
9. Consider the major findings of the Company's Auditors and management's response, including the resolution of disagreements between management and the Company's Auditors regarding financial reporting.

**C. Review of Disclosure Controls & Procedures ("DC&P") and Internal Controls Over Financial Reporting ("ICFR")**

1. Monitor and review the Company's disclosure policy on an annual basis.
2. In conjunction with each fiscal year end, review management's assessment of the design and effectiveness of Company's DC&P including any control deficiencies identified and the related remediation plans for any significant or material deficiencies.
3. In conjunction with each fiscal year end, review management's assessment of the design and effectiveness of the Company's ICFR including any control deficiencies identified and the related remediation plans for any significant or material deficiencies.
4. Review and discuss any fraud or alleged fraud involving management or other employees who have a role in the Company's ICFR and the related corrective and disciplinary action to be taken.

5. Discuss with management any significant changes in the ICFR that are disclosed, or considered for disclosure, in the MD&A, on a quarterly basis.
6. Review and discuss with the CEO and the CFO the procedures undertaken in connection with CEO and CFO certifications for the annual and interim filings with the securities commissions.
7. Review the adequacy of internal controls and procedures related to any corporate transactions in which directors or officers of the Company have a personal interest, including the expense accounts of senior officers of the Company and officers' use of corporate assets.

**D. Review of the Company's Financing and Insurance**

1. Review the adequacy of the Company's insurance policies.
2. Review all major financings of the Company and its subsidiaries and annually review the Company's financing plans and strategies.

**E. Financial Risk Management**

1. Review with the CEO and CFO and the Company's Auditors their assessment of the significant financial risks and exposures of the Company and discuss with management the steps which the Company has taken to monitor and control such exposures.
2. Review current and expected future compliance with covenants under any financing agreements.
3. Review any other significant financial exposures including such things as tax audits, government audits or any other activities that expose the Company to the risk of a material financial loss.
4. Report the results of such reviews to the Board for the purpose of assisting the Board in identifying the principal business risks associated with the businesses of the Company.

**F. Establishment of Procedures for the Receipt and Treatment of Complaints regarding Accounting, Internal Accounting Controls, or Auditing Matters**

1. Establish procedures for:
  - (a) the receipt, retention and treatment of complaints received by the Company regarding accounting, internal accounting controls, or auditing matters;
  - (b) the confidential, anonymous submission by employees of the Company of concerns regarding questionable accounting or auditing matters; and
  - (c) the investigation of such matters with appropriate follow-up action.

**G. Corporate Governance**

1. The Committee may, if requested:
  - (a) review the appropriateness and effectiveness of the Company's policies and business practices which impact on the financial integrity of the Company, including those relating to insurance, accounting, management reporting and risk management; and

- (b) review with management and the external auditor their assessment of the significant financial risks and exposures of the Company and discuss with management the steps which the Company has taken to monitor and control such exposures.

## **H. Complaints and Employee Submissions**

1. The Committee shall establish procedures for:
  - (a) the receipt, retention and treatment of complaints received by the Company regarding accounting, internal accounting controls, or auditing matters; and
  - (b) the confidential, anonymous submission by employees of the Company of concerns regarding questionable accounting or auditing matters.

## **COMMITTEE EFFECTIVENESS PROCEDURES**

The Committee shall review its Charter on an annual basis, or more often as required, to ensure that they remain adequate and relevant, and incorporate any material changes in statutory and regulatory requirements and the Company's business environment.

The procedures outlined in this Charter are meant to serve as guidelines, and the Committee may adopt such different or additional procedures as it deems necessary from time to time.

In setting the agenda for a meeting, the Chair of the Committee shall encourage the Committee members, management, the Company's Auditors and other members of the Board to provide input in order to address emerging issues.

Prior to the beginning of a fiscal year, the Committee shall submit an annual planner for the meetings to be held during the upcoming fiscal year, for review and approval by the Board to ensure compliance with the requirements of the Committee's Charter.

Any written material provided to the Committee shall be appropriately balanced (i.e. relevant and concise) and shall be distributed at least five business days in advance of the respective meeting to allow Committee members sufficient time to review and understand the information.

The Committee shall conduct an annual self-assessment of its performance and this charter, and shall make recommendations to the Board with respect thereto.

Members of the Committee shall be provided with appropriate and timely training to enhance their understanding of auditing, accounting, regulatory and industry issues applicable to the Company.

New Committee members shall be provided with an orientation program to educate them on the Company, their responsibilities and the Company's financial reporting and accounting practices.

## **ADOPTION AND EFFECTIVENESS**

This Charter was first adopted on the 21st day of November, 2018

## SCHEDULE "C"

NEW POLICY OVERVIEW

<b>TOPIC AND SECTION REFERENCE</b>	<b>NEW POLICY</b>	<b>FORMER POLICY</b>
<b>Seed Capital &amp; Aggregate Funds:</b>		
Section 3.2(f)(i)	Maximum \$1,000,000 Seed Capital raised below IPO price	Maximum \$500,000 Seed Capital raised below IPO price
Section 3.2(k)	Maximum \$10,000,000 in aggregate funds raised by a CPC	Maximum \$5,000,000 in aggregate funds raised by a CPC
<b>No Transfer to NEX:</b>		
Removal of section 14.13 of the Former Policy	No transfer to NEX if Qualifying Transaction not completed within 24 months after listing	Transfer to NEX and cancel certain Seed Shares, with Shareholder approval, if Qualifying Transaction not completed within 24 months after listing
<b>Distribution:</b>		
Section 3.2(l)	150 Public Shareholders each owning at least 1,000 shares	200 Public Shareholders each owning at least 1,000 shares
Section 3.2(l)	Public Float per Policy 2.1 for Tier 2 - currently 500,000 shares	Public Float 1,000,000 shares
Section 3.2(l)	Public Shareholders collectively hold at least 20% of the outstanding shares	
Section 3.2(m)	2% and 4% limits do not apply to 25% of the IPO	2% and 4% limits apply to the entire IPO
Section 3.2(n)	No new Insider on closing of IPO if not disclosed in CPC Prospectus	
<b>Directors and Officers:</b>		
Section 3.2(a)	CPC – Majority must be residents of Canada/USA or have public company experience (permits international directors)	CPC – All must be residents of Canada/USA or have public company experience
Removal of section 2.1(d) of the Former Policy	Resulting Issuer – No restrictions (rely on Policy 3.1)	Resulting Issuer – Majority must be residents of Canada/USA or have public company experience
Section 3.2(d)	CPC – one person can be CEO, CFO and secretary	CPC – one person cannot be CEO, CFO and secretary
<b>Agents &amp; Pro Group:</b>		
Section 5.1	IPO Agent need not be a Member of the Exchange	IPO Agent must be a Member of the Exchange
Section 5.2(c)(iv)	Agent's Options maximum 5 year term	Agent's Options maximum 2 year term
Removal of section 14.8 of the Former Policy	Shares acquired by the Pro Group at or above the IPO price are not subject to escrow	All shares acquired by the Pro Group are subject to escrow, regardless of the issue price

<b>TOPIC AND SECTION REFERENCE</b>	<b>NEW POLICY</b>	<b>FORMER POLICY</b>
Removal of section 14.8 of the Former Policy	Shares issued to the Pro Group as part of the Qualifying Transaction are not subject to a four month hold period unless required by law	All shares issued to the Pro Group as part of the Qualifying Transaction are subject to a four month hold period
<b>CPC Stock Options:</b>		
Section 6.1	Stock Option Plan – 10% rolling based on number of shares outstanding at the time of grant	Stock Option Plan – 10% fixed based on number of shares outstanding on closing of the IPO
Section 6.4	Minimum exercise price for CPC Stock Options granted before the IPO is lowest Seed Share issue price; after the IPO, price per Policy 4.4 – <i>Incentive Stock Options</i>	Minimum exercise price for CPC Stock Options is greater of IPO price and Discounted Market Price
Section 10.1	Escrow for all CPC Stock Options and all Option Shares issued at an exercise price that is less than the IPO price	
<b>Escrow:</b>		
Section 10.1	Escrow applies to: - Seed Shares issued below IPO price; - Shares acquired from treasury by Non-Arm’s Length Parties to the CPC; - CPC Stock Options; and - Shares issued on exercise of CPC Stock Options at an exercise price that is less than the IPO price	Escrow applies to: - Seed Shares issued below IPO price; - Shares acquired from treasury by Non-Arm’s Length Parties to the CPC; - Shares acquired by a Control Person in the secondary market; and - All Seed Shares issued to a member of the Aggregate Pro Group, regardless of price
<b>Escrow Release:</b>		
Section 10.2	18 month escrow: Escrow Securities released as to 25% on Final QT Exchange Bulletin and 25% on each of 6, 12 and 18 months following that date	18 month escrow: If Resulting Issuer is listed on Tier 1, released as to 25% on Final QT Exchange Bulletin and 25% on each of 6, 12 and 18 months following that date 36 month escrow: If Resulting Issuer is listed on Tier 2, released as to 10% on Final QT Exchange Bulletin and 15% on each of 6, 12, 18, 24, 30 and 36 months following that date
Section 10.2	CPC Stock Options and Option Shares released on Final QT Exchange Bulletin unless granted before the IPO with exercise price less than IPO price	

<b>TOPIC AND SECTION REFERENCE</b>	<b>NEW POLICY</b>	<b>FORMER POLICY</b>
Removal of section 14.13 of the Former Policy	No requirement to cancel any Seed Shares if the Qualifying Transaction is not completed within 24 months after listing	Certain Seed Shares must be cancelled if the Qualifying Transaction is not completed within 24 months after listing and the CPC is being transferred to NEX
<b>Use of Proceeds:</b>		
Section 7.1	G&A expenses limited to \$3,000 per month	Non-QT expenses (e.g. G&A) limited to lesser of 30% of gross proceeds raised by CPC and \$210,000 over life of CPC
Sections 7.1 and 7.2	Expanded guidance on permitted uses of proceeds and payments to Non-Arm's Length Parties	
Section 7.4	Deposit/advance/loan provisions similar to those in Policy 5.2 – <i>Changes of Business and Reverse Takeovers</i>	
<b>Private Placements:</b>		
Section 9.3	Only Common Shares prior to Completion of the Qualifying Transaction, but a Concurrent Financing may in certain circumstances involve the issuance of Subscription Receipts or Special Warrants that convert into Listed Shares, or Listed Shares and Warrants, on Completion of the Qualifying Transaction	Only Common Shares prior to Completion of the Qualifying Transaction
Section 9.7	Pre-Qualifying Transaction – compensation up to 10% cash plus 10% Warrants permitted	
Sections 9.4, 9.5 and 9.6 and section 7.4	Bridge Financing and Concurrent Financing provisions similar to those in Policy 5.2 – <i>Changes of Business and Reverse Takeovers</i>	
<b>QT Finder's Fees:</b>		
Section 7.3(a)	Finder's fee may be paid to Person that is not a Non-Arm's Length Party to the CPC	Finder's fee may be paid to Person that is not a Non-Arm's Length Party to the CPC

<b>TOPIC AND SECTION REFERENCE</b>	<b>NEW POLICY</b>	<b>FORMER POLICY</b>
Section 7.3(b)	Finder's fee may be paid to a Non-Arm's Length Party to the CPC if: <ul style="list-style-type: none"> <li>- Qualifying Transaction is not a Non-Arm's Length Qualifying Transaction;</li> <li>- Qualifying Transaction is not a transaction between the CPC and an existing public company;</li> <li>- Finder's fee is payable in cash, Listed Shares and/or Warrants;</li> <li>- The amount of any Concurrent Financing is not included in the value of the measurable benefit; and</li> <li>- Disinterested Shareholder approval is obtained</li> </ul>	Finder's fee may not be paid to a Non-Arm's Length Party to the CPC
<b>Financial Statements:</b>		
Form 3B1/3B2	CPC: <ul style="list-style-type: none"> <li>- Annual Financial Statements 120 days</li> <li>- Interim Financial Statements 60 days</li> </ul>	CPC: <ul style="list-style-type: none"> <li>- Annual Financial Statements 120 days</li> <li>- Interim Financial Statements 60 days</li> </ul>
Form 3B1/3B2	Target Company: <ul style="list-style-type: none"> <li>- Annual Financial Statements 90 days</li> <li>- Interim Financial Statements 45 days</li> </ul>	Target Company: <ul style="list-style-type: none"> <li>- Annual Financial Statements 90 days</li> <li>- Interim Financial Statements 60 days</li> </ul>
<b>Other Points:</b>		
Section 1.1	CPC can be a trust	Trust structure not expressly permitted
Section 1.1	Majority of the Minority Approval may be obtained at a meeting of Shareholders <b>OR</b> by written consent	Majority of the Minority Approval required to be obtained at a meeting of Shareholders
Removal of section 14.9 of the Former Policy	No restriction on RTO within first year after Qualifying Transaction	Restriction on RTO within first year after Qualifying Transaction
Section 11.1(e)	Resulting Issuer may be a finance issuer (still cannot be a mutual fund)	Resulting Issuer could not be a finance issuer

**Interpretation:**

All policies referred to in the foregoing table are policies of the TSX Venture Exchange as set out in its Corporate Finance Manual.

All capitalized terms in the foregoing table refer to terms defined in the policies of the TSX Venture Exchange

**SCHEDULE "D"**

**XAU RESOURCES INC.**

**STOCK OPTION PLAN**

(2021)

**XAU RESOURCES INC.**

**STOCK OPTION PLAN**

(June 29, 2021)

**XAU RESOURCES INC.  
STOCK OPTION PLAN**

**ARTICLE 1  
DEFINITIONS AND INTERPRETATION**

1.1 **Definitions.** Where used in this Plan, unless there is something in the subject matter or context inconsistent therewith, the following terms will have the meanings set forth below:

- (a) "**Administrator**" means, initially, the Secretary of the Corporation and thereafter will mean such director or other senior officer or employee of the Corporation or a duly appointed committee thereof as may be designated as Administrator by the Board from time to time.
- (b) "**Affiliate**" has the meaning ascribed to it in Policy 1.1 of the TSX-V Corporate Finance Manual, as amended from time to time.
- (c) "**Associate**" has the meaning ascribed to it in Policy 1.1 of the TSX-V Corporate Finance Manual, as amended from time to time.
- (d) "**Board**" means the board of directors of the Corporation, or any duly appointed committee thereof to which the board of directors of the Corporation has delegated the power to administer and grant Options under this Plan, as constituted from time to time.
- (e) "**Cause**" means:
  - (i) "cause" as such term is defined in the written employment agreement between the Corporation and the Employee; or
  - (ii) in the event there is no written employment agreement between the Corporation and the Employee or "cause" is not defined in the written employment agreement between the Corporation and the Employee, the usual meaning of cause under the laws of Ontario.
- (f) "**Company**" unless specifically indicated otherwise, means a corporation, incorporated association or organization, body corporate, partnership, trust, association, or other entity other than an individual.
- (g) "**Consultant**" means an individual or a Company other than an Employee or Director of the Corporation, who:
  - (i) is engaged to provide on an ongoing bona fide basis, consulting, technical, management or other services to the Corporation or an Affiliate of the Corporation other than services provided in relation to a Distribution;
  - (ii) provides the services under a written contract between the Corporation or an Affiliate and the individual or the Consultant Company;
  - (iii) in the reasonable opinion of the Corporation, spends or will spend a significant amount of time and attention on the business and affairs of the Corporation or an Affiliate of the Corporation; and
  - (iv) has a relationship with the Corporation or an Affiliate of the Corporation that enables the individual to be knowledgeable about the business and affairs of the Corporation.

- (h) "**Corporation**" means XAU Resources Inc.
- (i) "**Directors**" means directors, senior officers and Management Company Employees of the Corporation or an Affiliate of the Corporation to whom stock options may be granted in reliance on a prospectus exemption under applicable Securities Laws.
- (j) "**Discounted Market Price**" has the meaning given to it in Policy 1.1 of the TSX-V Corporate Finance Manual.
- (k) "**Disinterested Shareholder Approval**" means approval by a majority of the votes cast by all shareholders of the Corporation at a duly called and held meeting of shareholders of the Corporation, excluding votes attaching to Shares beneficially owned by:
  - (i) Insiders to whom Options may be granted under this Plan; and
  - (ii) Associates of Persons referred to in subsections (k)(i) above.
- (l) "**Effective Date**" means the effective date of this Plan being June 29, 2021, or as at such date in which this Plan is amended.
- (m) "**Employee**" means an individual who:
  - (i) is considered an employee of the Corporation or a subsidiary of the Corporation under the *Income Tax Act* (Canada) (i.e. for whom income tax, employment insurance and CPP deductions must be made at source); or
  - (ii) works full-time for the Corporation or a subsidiary of the Corporation providing services normally provided by an employee and who is subject to the same control and direction by the Corporation or a subsidiary of the Corporation over the details and methods of work as an employee of the Corporation, but for whom income tax deductions are not made at source; or
  - (iii) works for the Corporation or a subsidiary of the Corporation on a continuing and regular basis for a minimum amount of time per week providing services normally provided by an employee and who is subject to the same control and direction by the Corporation or a subsidiary of the Corporation over the details and methods of work as an employee of the Corporation, but for whom income tax deductions are not made at source.
- (n) "**Exercise Notice**" means the notice respecting the exercise of an Option, in the form set out in Exhibit "I" of the Option Agreement, duly executed by the Option Holder.
- (o) "**Exercise Period**" means the period during which a particular Option may be exercised and, subject to earlier termination in accordance with the terms hereof, is the period from and including the Grant Date through to and including the Expiry Date.
- (p) "**Exercise Price**" means the price per Share at which Shares may be purchased under an Option duly granted under this Plan as determined in accordance with Section 3.5 of this Plan and, if applicable, adjusted in accordance with Section 3.8 of this Plan.
- (q) "**Expiry Date**" means the date determined in accordance with Section 3.3 of this Plan and after which a particular Option cannot be exercised and is deemed to be null and void and of no further force or effect.

- (r) "**Grant Date**" means the date on which the Board grants a particular Option.
- (s) "**Insider**" means:
- (i) a director or senior officer of the Corporation;
  - (ii) a director or senior officer of a Company that is an Insider or subsidiary of the Corporation;
  - (iii) a Person that beneficially owns or controls, directly or indirectly, Voting Shares carrying more than 10% of the voting rights attached to all Voting Shares of the Corporation; or
  - (iv) the Corporation itself if it holds any of its own securities.
- (t) "**Investor Relations Activities**" has the meaning given to it in Policy 1.1 of the TSX-V Corporate Finance Manual.
- (u) "**Limit**" shall have the meaning ascribed thereto in Section 3.2 of this Plan.
- (v) "**Market Price**" means the last closing price of the Corporation's Shares before the issuance of any news release disclosing the grant of an Option, subject to the exceptions provided for in the TSX-V Corporate Finance Manual.
- (w) "**Management Company Employees**" means an individual employed by a Person providing management services to the Corporation which are required for the on-going successful operation of the business enterprise of the Corporation, but excluding a Person engaged in Investor Relations Activities.
- (x) "**OBCA**" means the *Business Corporations Act* (Ontario) as amended from time to time.
- (y) "**Option**" means an option to acquire Shares granted to a Director, Employee or Consultant pursuant to this Plan.
- (z) "**Option Agreement**" means an agreement, in the form substantially similar as that set out in Schedule "A" hereto, evidencing an Option granted under this Plan.
- (aa) "**Option Holder**" means a Director, Employee or Consultant or former Director, Employee or Consultant, to whom an Option has been granted and who continues to hold an unexercised and unexpired Option or, where applicable, the Personal Representative of such person.
- (bb) "**Plan**" means this stock option plan as may be amended from time to time.
- (cc) "**Person**" means a Company or an individual.
- (dd) "**Personal Representative**" means:
- (i) in the case of a deceased Option Holder, the executor or administrator of the deceased duly appointed by a court or public authority having jurisdiction to do so; and
  - (ii) in the case of an Option Holder who, for any reason, is unable to manage his or her affairs, the person entitled by law to act on behalf of such Option Holder.

- (ee) "**Regulatory Authorities**" means all stock exchanges and other organized trading facilities on which the Corporation's Shares are listed and all securities commissions or similar securities regulatory bodies having jurisdiction over the Corporation.
- (ff) "**Re-Organization Event**" has the meaning given in **Section 3.8** of this Plan.
- (gg) "**Securities Laws**" means securities legislation, securities regulation and securities rules, as amended, and the policies, notices, instruments and blanket orders in force from time to time that govern or are applicable to the Corporation or to which it is subject.
- (hh) "**Share**" or "**Shares**" means, as the case may be, one or more common shares without par value in the capital stock of the Corporation as constituted on the Effective Date or, in the event of an adjustment contemplated by **Section 3.8** of this Plan, such other shares or securities to which an Option Holder may be entitled upon the due exercise of an Option as a result of such adjustment.
- (ii) "**Share Compensation Arrangement**" means a stock option, stock option plan, employee stock purchase plan or any other compensation or incentive mechanism of the Corporation involving the issuance or potential issuance of Shares to one or more Directors, Employees or Consultants.
- (jj) "**Termination Date**" means:
  - (i) in the case of the resignation of the Option Holder as an Employee of the Corporation, the date that the Option Holder provides notice of his or her resignation as an Employee of the Corporation to the Corporation; or
  - (ii) in the case of the termination of the Option Holder as an Employee of the Corporation by the Corporation for any reason other than death, the effective date of termination set out in the Corporation's notice of termination of the Option Holder as an Employee of the Corporation to the Option Holder; or
  - (iii) in the case of the termination of the written contract of the Option Holder to provide consulting services or Investor Relations Activities to the Corporation, the effective date of termination set out in any notice provided by one of the parties to the written contract to the other party; or
  - (iv) the effective date of termination of a Director, Employee or Consultant pursuant to an order made by any Regulatory Authority having jurisdiction to so order.
- (kk) "**TSX-V**" means the TSX Venture Exchange.
- (ll) "**Voting Share**" means a security of the Corporation that:
  - (i) is not a debt security; and
  - (ii) carries a voting right either under all circumstances or under some circumstances that have occurred and are continuing.

1.2 **Choice of Law.** This Plan is established under and the provisions of this Plan will be subject to and interpreted and construed in accordance with the laws of the Province of Ontario.

1.3 **Headings.** The headings used herein are for convenience only and are not to affect the interpretation of this Plan.

## ARTICLE 2 PURPOSE AND PARTICIPATION

2.1 **Purpose.** The purpose of this Plan is to provide the Corporation with a share-related mechanism to attract, retain and motivate qualified Directors, Employees and Consultants, to reward such of those Directors, Employees and Consultants as may be granted Options under this Plan by the Board from time to time for their contributions toward the long term goals and success of the Corporation and to enable and encourage such Directors, Employees and Consultants to acquire Shares as long term investments and proprietary interests in the Corporation.

2.2 **Participation.** The Board will, from time to time and in its sole discretion, determine those Directors, Employees and Consultants (and, when applicable, to a Company wholly owned by any such Director, Employee or consultant), if any, to whom Options are to be granted. The Board may only grant options to an Employee, Consultant or Management Company Employee if such Employee, Consultant or Management Company Employee is a *bona fide* Employee, Consultant or Management Company Employee of the Corporation or a subsidiary of the Corporation, as the case may be. The Board may, in its sole discretion, grant the majority of the Options to Insiders of the Corporation. However, in no case will the issuance of Shares upon the due exercise of Options granted under this Plan, or in any proposed or previously existing Share Compensation Arrangement, result in (in each case, as determined on the Grant Date):

- (a) the number of Shares reserved for issuance pursuant to stock options granted to Insiders exceeding 10% of the Corporation's issued and outstanding Shares;
- (b) the grant to Insiders, within any twelve-month period, of Options reserving for issuance a number of Shares exceeding in the aggregate 10% of the Corporation's issued and outstanding Shares;
- (c) the grant to any one individual, within any twelve-month period (unless the Corporation has obtained Disinterested Shareholder Approval), Options reserving for issuance a number of Shares exceeding in the aggregate 5% of the Corporation's issued and outstanding Shares;
- (d) the grant to all Persons engaged by the Corporation to provide Investor Relations Activities, within any twelve-month period, of Options reserving for issuance a number of Shares exceeding in the aggregate 2% of the Corporation's issued and outstanding Shares; or
- (e) the grant to any one Consultant, in any twelve-month period, of Options reserving for issuance a number of Shares exceeding in the aggregate 2% of the Corporation's issued and outstanding Shares.

2.3 **Notification of Grant.** Following the approval by the Board of the granting of an Option, the Administrator will notify the Option Holder in writing of the award and will enclose with such notice the Option Agreement representing the Option so granted.

2.4 **Copy of Plan.** Each Option Holder, concurrently with the notice of the award of the Option, will, upon written request, be provided with a copy of this Plan and a copy of any amendment to this Plan will be promptly provided by the Administrator to each Option Holder.

2.5 **Limitation.** This Plan does not give any Option Holder that is a Director the right to serve or continue to serve as a Director of the Corporation, does not give any Option Holder that is an Employee the right to be or to continue to be employed by the Corporation and does not give any Option Holder that is a Consultant the right to be or continue to be retained or engaged by the Corporation as a consultant for the Corporation.

2.6 **Filing Requirements.** Each Option Holder, as a pre-condition of any grant of Options under this Plan, shall execute and deliver to the Corporation all forms and documents required to be filed with any Regulatory Authority or under Securities Laws including, without limitation:

- (a) if an Option Holder is not an individual, a Certification and Undertaking Required from a Company Granted an Incentive Stock Option (TSX-V Form 4F);
- (b) if an Option Holder is a new Insider or is engaged to provide Investor Relations Activities, a Personal Information Form (TSX-V Form 2A); and
- (c) any other forms or documents as may be required by the Corporation based on the advice of its counsel.

### ARTICLE 3 TERMS AND CONDITIONS OF OPTIONS

3.1 **Board to Issue Shares.** The Shares to be issued to Option Holders upon the exercise of Options will be previously authorized but unissued Shares in the capital stock of the Corporation.

3.2 **Number of Shares Reserved.** Subject to adjustment as provided for in Section 3.8 of this Plan and any subsequent amendment to this Plan, the number of Shares reserved for issuance and which will be available for purchase pursuant to Options granted under this Plan will not exceed that number (the "**Limit**") which represents 10% of the issued and outstanding Shares in the capital of the Corporation as at the date of grant. If any Option expires or otherwise terminates for any reason without having been exercised in full, the number of Shares in respect of such expired or terminated Option, as the case may be, will again be available for the purposes of this Plan.

3.3 **Term of Option.** Subject to Section 3.4, the Expiry Date of an Option will be the date so fixed by the Board at the time the particular Option is granted, provided that such date will be no later than the tenth (10<sup>th</sup>) anniversary of the Grant Date of such Option.

3.4 **Termination of Option.** Subject to such other terms or conditions that may be attached to Options granted hereunder, an Option Holder may exercise an Option in whole or in part at any time or from time to time during the Exercise Period. Any Option or part thereof not exercised within the Exercise Period will terminate and become null, void and of no effect as of 5:00 p.m. (Toronto time) on the Expiry Date. The Expiry Date of an Option will be the earlier of the date so fixed by the Board at the time the Option is granted and the date established, if applicable, in subsections (a) to (e) below:

(a) Death of Option Holder

In the event that the Option Holder should die while he or she is still a Director (if he or she holds his or her Option as a Director), an Employee (if he or she holds his or her Option as an Employee) or a Consultant (if he or she holds his or her Option as a Consultant), the Expiry Date will be the first anniversary of the Option Holder's date of death.

(b) Ceasing to Hold Office

In the event that the Option Holder holds his or her Option as a Director of the Corporation and such Option Holder ceases to be a Director of the Corporation, the Expiry Date of the Option will not exceed the first anniversary following the date the Option Holder ceases to be a Director of the Corporation unless the Option Holder ceases to be a Director of the Corporation as a result of:

- (i) ceasing to meet the qualifications of a director set forth in the OBCA; or
- (ii) an ordinary resolution having been passed by the shareholders of the Corporation pursuant to the OBCA; or
- (iii) an order made by any Regulatory Authority having jurisdiction to so order,

in which case the Expiry Date will be the date the Option Holder ceases to be a Director of the Corporation.

(c) Ceasing to be an Employee or Consultant

In the event that the Option Holder holds his or her Option as an Employee or Consultant of the Corporation and such Option Holder ceases to be an Employee or Consultant of the Corporation other than by reason of death, the Expiry Date of the Option will not exceed the first anniversary following the Termination Date unless the Option Holder ceases to be:

- (i) an Employee of the Corporation as a result of termination for Cause; or
- (ii) an Employee or Consultant of the Corporation as a result of an order made by any Regulatory Authority having jurisdiction to so order,

in which case the Expiry Date will be the Termination Date.

(d) Ceasing to be a Consultant Providing Investor Relations Activities

Notwithstanding **subsections 3.4(a), (b) and (c)** above, in the event that the Option Holder holds his or her Option as a Person engaged to provide Investor Relations Activities and such Option Holder ceases to be so engaged other than by reason of death, the Expiry Date of the Option will not exceed the 30<sup>th</sup> day following the Termination Date unless the Option Holder ceases to be so engaged as a result of:

- (i) termination for Cause; or
- (ii) an order made by any Regulatory Authority having jurisdiction to so order,

in which case the Expiry Date will be the Termination Date.

(e) Bankruptcy

In the event that an Option Holder commits an act of bankruptcy or any proceeding is commenced against the Option Holder under the *Bankruptcy and Insolvency Act* (Canada) or other applicable bankruptcy or insolvency legislation in force at the time of such bankruptcy or insolvency and such proceeding remains undismissed for a period of thirty (30) days, no Option held by such Option Holder may be exercised following the date on which such Option Holder commits such act of bankruptcy or such proceeding remains undismissed, as the case may be.

Notwithstanding anything contained in this Plan, in no case will an Option be exercisable after the tenth (10<sup>th</sup>) anniversary of the Grant Date of the Option.

**3.5 Exercise Price.** The price at which an Option Holder may purchase a Share upon the exercise of an Option (the "**Exercise Price**") will be determined by the Board and set forth in the Option Agreement issued in respect of such Option and, in any event, will not be less than the Discounted Market Price of the Corporation's Shares as of the Grant Date. Notwithstanding anything else contained in this Plan, in no case will the Discounted Market Price be less than the minimum prescribed by each of the organized trading facilities as would apply to the Grant Date in question.

**3.6 Additional Terms.** Subject to all applicable Securities Laws of all applicable Regulatory Authorities, the Board may attach other terms and conditions to the grant of a particular Option, such terms and conditions to be referred to in the Option Agreement at the time of grant. These terms and conditions may include, but are not necessarily limited to, the following:

- (a) providing that an Option expires on a date other than as provided for herein;
- (b) providing that a portion or portions of an Option vest after certain periods of time or upon the occurrence of certain events, or expire after certain periods of time or upon the occurrence of certain events;
- (c) providing that an Option be exercisable immediately, in full, notwithstanding that it has vesting provisions, upon the occurrence of certain events, such as a friendly or hostile take-over bid for the Corporation;
- (d) providing that an Option issued to, held by or exercised by an Option Holder who is a citizen or resident of the United States of America, and otherwise meeting the statutory requirements, be treated as an "**Incentive Stock Option**" as that term is defined for purposes of the United States of America Internal Revenue Code of 1986, as amended; and
- (e) providing that the provisions of Section 4.4 of this Plan have been complied with to the Board's satisfaction as a condition to the exercise of an Option.

**3.7 Non-Transferability of Options.** The Options are not assignable, transferable or negotiable (whether by operation of law or otherwise) and may not be assigned or transferred, provided however that the Personal Representative of an Option Holder may, to the extent permitted by **Section 4.1** of this Plan, exercise the Option within the Exercise Period. Upon any attempt to assign, transfer, negotiate, pledge, hypothecate or otherwise dispose of or transfer an Option contrary to this **Section 3.7** of this Plan, or upon the levy of any attachment or similar process upon an Option, the Option and all rights, benefits and privileges arising thereunder or therefrom, at the sole discretion and election of the Corporation, shall cease and terminate and be of no further force or affect whatsoever.

**3.8 Adjustments.** If prior to the complete exercise of an Option the Shares are consolidated, subdivided, converted, exchanged or reclassified or in any way substituted for (collectively, a "**Re-Organization Event**"), an Option, to the extent that it has not been exercised, will be adjusted by the Board in accordance with such Re-Organization Event in the manner the Board deems appropriate. No fractional Shares will be issued upon the exercise of the Options and accordingly, if as a result of the Re-Organization Event, an Option Holder would become entitled to a fractional Share, such Option Holder will have the right to purchase only the next lowest whole number of Shares and no payment or other adjustment will be made with respect to the fractional interest so disregarded.

**3.9 Vesting Requirement for Investor Relation Activities.** Notwithstanding any other provision hereof, Options granted to Persons engaged to provide Investor Relations Activities shall vest in stages over a period of 12 months from the Grant Date with no more than  $\frac{1}{4}$  of any such Options granted vesting in any three-month period.

**3.10 Hold Periods.** In addition to any resale restrictions under Securities Laws, any Option granted under this Plan and any Shares issued upon the due exercise of any such Option so granted will be subject to a four-month TSX-V hold period commencing from the Grant Date of the Option if the Exercise Price of the Option is granted at less than the Market Price, in which case the Option, and the Shares issued upon due exercise of the Option, if applicable, will bear the following legend:

*"Without prior written approval of the TSX Venture Exchange and compliance with all applicable securities legislation, the securities represented by this certificate may not be sold, transferred, hypothecated or otherwise traded on or through the facilities of the TSX Venture Exchange or otherwise in Canada or to or for the benefit of a Canadian resident until [four months and one day from the Grant Date]."*

**3.11 No Rights as Shareholders.** An Option Holder shall not have any rights as a shareholder of the Corporation with respect to any of the Shares covered by such Option until the date of issuance of a certificate for Shares upon the due exercise of such Option, in full or in part, and then only with respect to the Shares represented by such certificate or certificates. Without in any way limiting the generality of the foregoing, no adjustment shall be made for dividends or other rights for which the record date is prior to the date such share certificate is issued.

**3.12 Capital Pool Company Restrictions.** As long as the Corporation is classified as a Capital Pool Company (a "CPC") under Policy 2.4 of the TSX-V, the terms and conditions of this Plan will remain subject to the following specific restrictions as per Section 6 of Policy 2.4 of the TSX-V (all capitalized terms herein below will have the meaning ascribed to such terms in Policy 2.4 of the TSX-V):

- (a) Options granted by a CPC may only entitle the Option Holder to acquire Shares of the CPC. Options may only be granted to a director or senior officer of the CPC, and where permitted by Securities Laws, a technical consultant whose particular industry expertise in relation to the business of the Vendor(s) or the Target Company, as the case may be, is required to evaluate the proposed Qualifying Transaction, or a Company, all of whose securities are owned by such a director, senior officer or technical consultant, or to an Eligible Charitable Organization as defined in Policy 4.4. of the TSX-V. The total number of Shares reserved under option for issuance may not exceed 10% of the Shares outstanding as at the date of grant of any Option.
- (b) The number of Shares reserved under option for issuance to any individual director or senior officer may not exceed 5% of the Shares outstanding as at the date of grant of any Option. The number of Shares reserved under option for issuance to all technical consultants may not exceed 2% of the Shares outstanding as at the date of grant of any Option. The number Shares reserved under option for issuance to all Eligible Charitable Organizations may not exceed 1% of the Shares outstanding as at the date of grant of any Option. Options granted by a CPC are subject to the percentage limitations set forth in Policy 4.4 of the TSX-V.
- (c) CPCs are prohibited from granting Options to any Person providing Investor Relations Activities, promotional or market-making services.
- (d) The exercise price per Share under any Option granted by a CPC prior to the closing the CPC's IPO cannot be less than the lowest price at which Seed Shares were issued by the CPC.
- (e) All Options granted by the CPC must be granted in compliance with Policy 2.4 and Policy 4.4 of the TSX-V.
- (f) No Option may be granted by a CPC unless the optionee first enters into a CPC Escrow Agreement agreeing to deposit the Option, and the Shares acquired pursuant to the exercise of such Option, into escrow as described in Part 10 of Policy 2.4 of the TSX-V.
- (g) The term of an Option must expire not later than 12 months after the optionee ceases to be a director, senior officer or technical consultant of the CPC, or of the Resulting Issuer, as the case may be, subject to any earlier expiry date of such Option.

#### **ARTICLE 4 EXERCISE OF OPTION**

**4.1 Exercise of Option.** An Option may be exercised only by the Option Holder or the Personal Representative of the Option Holder. Subject to the provisions of this Plan, an Option Holder or the Personal Representative of an Option Holder may exercise an Option in whole or in part at any time or from time to time during the Exercise Period up to 5:00 p.m. (Toronto time) on the Expiry Date by (i) delivering to the Administrator an Exercise Notice and the applicable Option Agreement; (ii) delivering to the Administrator a certified cheque or bank draft payable to "**XAU Resources Inc.**" in an amount equal to the aggregate Exercise Price of the Shares to be purchased pursuant to the

exercise of the Option; and (iii) making suitable arrangements with the Corporation, in accordance with section 4.4 of the Plan, for the receipt by the Corporation of an amount sufficient to satisfy any withholding tax requirements under applicable tax legislation in respect of the exercise of an Option (the "**Withholding Obligations**").

**4.2 Issue of Share Certificates.** As soon as practicable following the receipt of the Exercise Notice, the Administrator will cause to be delivered to the Option Holder a certificate for the Shares so purchased. If the number of Shares so purchased is less than the number of Shares subject to the Option Agreement, the Option Holder will surrender the Option Agreement and the Administrator will forward a new Option Agreement to the Option Holder concurrently with delivery of the Share certificate for the balance of Shares available under the Option.

**4.3 Condition of Issue.** The Options and the issue of Shares by the Corporation pursuant to the exercise of Options are subject to the terms and conditions of this Plan and compliance with the rules and policies of all applicable Regulatory Authorities to the granting of such Options and to the issuance and distribution of such Shares, and to all applicable Securities Laws. The Option Holder agrees to comply with all such laws, regulations, rules and policies and agrees to furnish to the Corporation any information, reports or undertakings required to comply with and to fully cooperate with, the Corporation in complying with such laws, regulations, rules and policies. Notwithstanding any of the provisions contained in the Plan or in any Option, the Corporation's obligation to issue Shares to an Option Holder pursuant to the exercise of any Option granted under the Plan shall be subject to:

- (a) completion of such registration or other qualification of such Shares or obtaining approval of such Regulatory Authority as the Corporation shall determine to be necessary or advisable in connection with the authorization, issuance or sale thereof;
- (b) the admission of such Shares to listing on any stock exchange on which the Shares may then be listed;
- (c) the receipt from the Option Holder of such representations, warranties, agreements and undertakings, as the Corporation determines to be necessary or advisable in order to safeguard against the violation of the Securities Laws of any jurisdiction;
- (d) the satisfaction of any conditions on exercise prescribed pursuant to **Section 3.6** and **Article 5** of this Plan; and
- (e) the provisions of section 4.4 of the Plan having been complied with to the Board's satisfaction as a condition to the exercise of an Option.

**4.4 Withholding Obligations.** Upon the exercise of an Option by an Option Holder, the Corporation shall have the right to require the Option Holder to remit to the Corporation an amount sufficient to satisfy any Withholding Obligations relating thereto under applicable tax legislation. Unless otherwise prohibited by the Board or by applicable law, satisfaction of the amount of the Withholding Obligations (the "**Withholding Amount**") may be accomplished by any of the following methods or by a combination of such methods as determined by the Corporation in its sole discretion:

- (a) the tendering by the Option Holder of cash payment to the Corporation in an amount less than or equal to the Withholding Amount; or
- (b) the withholding by the Corporation from the Shares otherwise due to the Option Holder such number of Shares as it determines are required to be sold by the Corporation, as trustee, to satisfy the Withholding Amount (net of selling costs). By executing and delivering the Exercise Notice, the Option Holder shall be deemed to have consented to such sale and have granted to the Corporation an irrevocable power of attorney to effect the sale of such Shares and to have acknowledged and agreed that the Corporation does not accept responsibility for the price obtained on the sale of such Shares; or

- (c) the withholding by the Corporation from any cash payment otherwise due by the Corporation to the Option Holder, including salaries, directors fees, consulting fees and any other forms of remuneration, such amount of cash as is required to pay and satisfy the Withholding Amount;

provided, however, in all cases, that the sum of any cash so paid or withheld and the fair market value of any Shares so withheld is sufficient to satisfy the Withholding Amount.

The provisions of the Option Agreement shall provide that the Option Holder (or their beneficiaries) shall be responsible for all taxes with respect to any Options granted under the Plan and an acknowledgement that neither the Board nor the Corporation shall make any representations or warranties of any nature or kind whatsoever to any person regarding the tax treatment of Options or payments on account of the Withholding Amount made under the Plan and none of the Board, the Corporation, nor any of its employees or representatives shall have any liability to an Option Holder (or its beneficiaries) with respect thereto.

## ARTICLE 5 ADMINISTRATION

**5.1 Administration.** This Plan will be administered by the Administrator on the instructions of the Board. The Board may make, amend and repeal at any time and from time to time such regulations not inconsistent with this Plan as it may deem necessary or advisable for the proper administration and operation of this Plan and such regulations will form part of this Plan. The Board may delegate to the Administrator or any director or other senior officer or employee of the Corporation such administrative duties and powers as it may see fit.

**5.2 Board Powers.** The Board shall have the power, where consistent with the general purpose and intent of the Plan and subject to the specific provisions of the Plan:

- (a) to establish policies and to adopt rules and regulations for carrying out the purposes, provisions and administration of the Plan;
- (b) to interpret and construe the Plan and to determine all questions arising out of the Plan or any Option, and any such interpretation, construction or determination made by the Board shall be final, binding and conclusive for all purposes;
- (c) to determine the number of Shares reserved for issuance by each Option;
- (d) to determine the Exercise Price of each Option;
- (e) to determine the time or times when Options will be granted and exercisable;
- (f) to determine if the Shares which are issuable on the due exercise of an Option will be subject to any restrictions upon the due exercise of such Option; and
- (g) to prescribe the form of the instruments and certificates relating to the grant, exercise and other terms of Options.

**5.3 Board Discretion.** The Board may, in its discretion, require as conditions to the grant or exercise of any Option that the Option Holder shall have:

- (a) represented, warranted and agreed in form and substance satisfactory to the Corporation that the Option Holder is acquiring and will acquire such Option and the Shares to be issued upon the exercise thereof or, as the case may be, is acquiring such Shares, for his, her or its own account, for investment and not with a view to or in connection with any distribution, that the Option Holder has had access to such information as is necessary to enable him, her or it to evaluate the merits and

risks of such investment and that the Option Holder is able to bear the economic risk of holding such Shares for an indefinite period;

- (b) agreed to restrictions on transfer in form and substance satisfactory to the Corporation and to an endorsement on any option agreement or certificate representing the Shares making appropriate reference to such restrictions; and
- (c) agreed to indemnify the Corporation in connection with the foregoing.

**5.4 Board Requirements.** Any Option granted under the Plan shall be subject to the requirement that, if at any time counsel to the Corporation shall determine that the listing, registration or qualification of the Shares issuable upon due exercise of such Option upon any securities exchange or under any Securities Laws of any jurisdiction, or the consent or approval of Regulatory Authority, is necessary as a condition of, or in connection with, the grant or exercise of such Option or the issuance or purchase of Shares thereunder, such Option may not be accepted or exercised in whole or in part unless such listing, registration, qualification, consent or approval shall have been effected or obtained on conditions acceptable to the Board. Nothing herein shall be deemed to require the Corporation to apply for or to obtain such listing, registration, qualification, consent or approval.

**5.5 Interpretation.** The interpretation by the Board of any of the provisions of this Plan and any determination by it pursuant thereto will be final and conclusive and will not be subject to any dispute by any Option Holder. No member of the Board or any person acting pursuant to authority delegated by it hereunder will be liable for any action or determination in connection with this Plan made or taken in good faith and each member of the Board and each such person will be entitled to indemnification with respect to any such action or determination in the manner provided for by the Corporation.

## ARTICLE 6 AMENDMENT AND TERMINATION

**6.1 Prospective Amendment.** The Board may from time to time amend this Plan and the terms and conditions of any Option thereafter to be granted and, without limiting the generality of the foregoing, may make such amendment for the purpose of meeting any changes in any relevant Securities Laws applicable to this Plan, any Option or the Shares, or for any other purpose which may be permitted by all relevant Securities Laws provided always that any such amendment will not alter the terms or conditions of any Option or impair any right of any Option Holder pursuant to any Option granted prior to such amendment.

**6.2 Retrospective Amendment.** The Board may from time to time retrospectively amend this Plan and, with the consent of the affected Option Holders, retrospectively amend the terms and conditions of any Options that have been previously granted.

**6.3 Sale of Corporation, Extension of Expiration Date, Non-Applicability of Termination of Employment Provisions.** Notwithstanding anything contained to the contrary in this Plan or in any resolution of the Board in implementation thereof:

- (a) in the event the Corporation proposes to amalgamate, merge or consolidate with any other corporation (other than a wholly-owned subsidiary) or to liquidate, dissolve or wind-up, or in the event an offer to purchase or repurchase the Shares of the Corporation or any part thereof shall be made to all or substantially all holders of Shares of the Corporation, the Corporation shall have the right, upon written notice thereof to each Option Holder holding Options under the Plan, to permit the exercise of all such Options within the 20 day period next following the date of such notice and to determine that upon the expiration of such 20 day period, all rights of the Option Holder to such Options or to exercise same (to the extent not theretofore exercised) shall *ipso facto* terminate and cease to have further force or effect whatsoever;

- (b) in the event of the sale by the Corporation of all or substantially all of the assets of the Corporation as an entirety or substantially as an entirety so that the Corporation shall cease to operate as an active business, any outstanding Option may be exercised as to all or any part of the Optioned Shares in respect of which the Option Holder would have been entitled to exercise the Option in accordance with the provisions of the Plan at the date of completion of any such sale at any time up to and including, but not after the earlier of: (i) the close of business on that date which is thirty (30) days following the date of completion of such sale; and (ii) the close of business on the Expiry Date of the Option; but the Option Holder shall not be entitled to exercise the Option with respect to any other Shares;
- (c) subject to the rules of any relevant Regulatory Authority, the Board may, by resolution, extend the expiration date of any Option. The Board shall not, in the event of any such advancement or extension, be under any obligation to advance or extend the date on or by which Options may be exercised by any other Option Holder; and
- (d) the Board may, by resolution, but subject to requirements of applicable Regulatory Authorities and Securities Laws, decide that any of the provisions hereof concerning the effect of termination of the Option Holder's employment shall not apply to any Option Holder for any reason acceptable to the Board.

Notwithstanding the provisions of this section, should changes be required to the Plan by any Regulatory Authority of any jurisdiction to which the Plan or the Corporation now is or hereafter becomes subject, such changes shall be made to the Plan as are necessary to conform with such requirements and, if such changes are approved by the Board, the Plan, as amended, shall be filed with the records of the Corporation and shall remain in full force and effect in its amended form as of and from the date of its adoption by the Board.

**6.4 Regulatory Authority Approval.** This Plan and any amendments hereto are subject to all necessary approvals of the applicable Regulatory Authorities.

**6.5 Disinterested Shareholder Approval.** Disinterested Shareholder Approval must be obtained for any reduction in the Exercise Price if the Option Holder is an Insider of the Corporation at the time of the proposed reduction. Furthermore, Disinterested Shareholder Approval must be obtained if the number of Shares reserved for issuance under the Plan to be granted to Insiders exceeds 10% of the issued and outstanding Shares and if the grant of Options to Insiders, within any 12-month period, exceeds 10% of the Corporation's issued and outstanding Shares.

**6.6 Termination.** The Board may terminate this Plan at any time provided that such termination will not alter the terms or conditions of any Option or impair any right of any Option Holder pursuant to any Option granted prior to the date of such termination, which will continue to be governed by the provisions of this Plan.

**6.7 Agreement.** The Corporation and every Option granted hereunder will be bound by and subject to the terms and conditions of this Plan. By accepting an Option granted hereunder, the Option Holder has expressly agreed with the Corporation to be bound by the terms and conditions of this Plan.

**6.8 Effective Date of Plan.** Upon approval by the Board and the Shareholders of the Corporation, this Plan shall be deemed to be effective as of the Effective Date.

**6.9 Governing Law.** This Plan and all matters to which reference is made herein shall be governed by and interpreted in accordance with the laws of the Province of Ontario and the federal laws of Canada applicable therein.

## SCHEDULE "A"

Unless permitted under securities legislation, the holder of this security must not trade the security before **(four months and one day from the date of grant)**.

If the Option is granted at below Market Price insert the below legend as well.

*[Without prior written approval of the TSX Venture Exchange and compliance with all applicable securities legislation, the securities represented by this agreement may not be sold, transferred, hypothecated or otherwise traded on or through the facilities of the TSX Venture Exchange or otherwise in Canada or to or for the benefit of a Canadian resident until (four months and one day from the date of grant).]*

Unless otherwise defined herein, all capitalized terms will have the meanings specified in a stock option plan adopted by XAU Resources Inc. effective as of [●], 2018 (the "**Plan**").

### OPTION AGREEMENT

THIS AGREEMENT made as of (●), 20(●) (the "**Effective Date**").

BETWEEN:

**XAU RESOURCES INC. ,**

(the "**Corporation**")

- and -

(●)

(the "**Optionee**")

OF THE FIRST PART

OF THE SECOND PART

For good and valuable consideration (the receipt and sufficiency of which are hereby acknowledged by each of the parties hereto), the Corporation and the Optionee hereby agree as follows:

1. **Grant of Option**

1.1 The Corporation hereby grants to the Optionee pursuant to the terms of the Plan the right and option (the "**Option**") to purchase all or any part of an aggregate of up to (●) Shares at a purchase price of \$(●) per Share expiring on (●) and on the terms and conditions set forth in this Agreement.

NON-TRANSFERABLE

2. **Vesting**

2.1 Notwithstanding Section 1 above or any other provision of this Agreement, legal and beneficial title to the Option granted to the Optionee hereunder, in respect of the Shares and all rights, privileges and benefits arising and flowing therefrom or to arise or flow therefrom hereafter, shall vest in the Optionee and the Optionee shall be entitled to exercise said Option to purchase the Shares only in the proportion and on the dates (the "**Vesting Dates**") set out below, provided that the Optionee is a [**Consultant or Employee or Director**] of the Corporation on such Vesting Date (and has been a [**Consultant or Employee or Director**] of the Corporation continuously from the date hereof):

<b>Vesting Date</b>	<b>Number of Shares subject to the Option</b>	<b>Exercise Price</b>
(●)	(●)	(●)
(●)	(●)	(●)
(●)	(●)	(●)
(●)	(●)	(●)
<b>Total:</b>	(●)	

3. **Exercise of Option**

3.1 Subject to the provisions of this Agreement, including, without limitation, Section 2 above, the Option may be exercised from time to time prior to the Expiry Time (as hereinafter defined) by delivery to the Corporation at its registered office of an executed Exercise Notice (attached hereto as Exhibit "I") addressed to the President of the Corporation specifying the number of Shares with respect to which the Option is being exercised and accompanied by payment in full, by cash or certified cheque, of the purchase price of the Shares then being purchased. The Optionee must also make suitable arrangements with the Corporation, in accordance with Section 3.2, for the receipt by the Corporation of an amount sufficient to satisfy any withholding tax requirements under applicable tax legislation in respect of the exercise of the Option (the "**Withholding Obligations**"). Subject to any provisions of this Agreement to the contrary, certificates for such Shares shall be issued and delivered to the Optionee within a reasonable time following the receipt of such notice, payment of the purchase price and receipt by the Corporation of an amount sufficient to satisfy any Withholding Obligations in respect of the exercise of the Option.

3.2 Upon the due exercise of an Option by the Optionee, the Corporation shall have the right to require the Optionee to remit to the Corporation an amount sufficient to satisfy any Withholding Obligations relating thereto under applicable tax legislation. Unless otherwise prohibited by the board of directors (the "**Board**") or by applicable law, satisfaction of the amount of the Withholding Obligations (the "**Withholding Amount**") may be accomplished by any of the following methods or by a combination of such methods as determined by the Corporation in its sole discretion:

- (a) the tendering by the Optionee of cash payment to the Corporation in an amount less than or equal to the Withholding Amount; or
- (b) the withholding by the Corporation from the Shares otherwise due to the Optionee such number of Shares as it determines are required to be sold by the Corporation, as trustee, to satisfy the Withholding Amount (net of selling costs). By executing and delivering this Agreement, the Optionee shall be deemed to have consented to such sale and have granted to the Corporation an irrevocable power of attorney to effect the sale of such Shares and to have acknowledged and agreed that the Corporation does not accept responsibility for the price obtained on the sale of such Shares; or
- (c) the withholding by the Corporation from any cash payment otherwise due by the Corporation to the Optionee, including salaries, directors fees, consulting fees and any other forms of remuneration, such amount of cash as is required to pay and satisfy the Withholding Amount;

provided, however, in all cases, that the sum of any cash so paid or withheld and the fair market value of any Shares so withheld is sufficient to satisfy the Withholding Amount.

3.3 The Optionee acknowledges and agrees, that pursuant to the exercise of the Options, the Optionee shall be responsible for all taxes with respect to the exercise of the Options granted hereunder and acknowledges that neither the Board nor the Corporation makes any representations or warranties of any nature or kind whatsoever to any person regarding the tax treatment of the Options or payments on account of the Withholding Amount made under this Agreement and none of the Board, the Corporation, nor any of its employees or representatives shall have any liability to an Optionee (or its beneficiaries) with respect thereto.

3.4 Notwithstanding any provisions contained in this Agreement, the Corporation's obligation to issue Shares to the Optionee pursuant to the exercise of the Option shall be subject to: (i) receipt of any required shareholder approval; (ii) completion of such registration or other qualification of such Shares or obtaining approval of such governmental or regulatory authority as the Corporation shall determine to be necessary or advisable in connection with the authorization, issuance or sale thereof; (iii) the admission of such Shares to listing on any stock exchange or market on which the Shares may then be listed; (iv) the receipt from the Optionee of such representations, warranties, agreements and undertakings as the Corporation determines to be necessary or advisable in order to safeguard against the violation of the securities laws of any jurisdictions; (v) receipt by the Corporation of the Withholding Amount; and (vi) compliance with the terms and conditions of the Plan. Nothing contained in this Agreement shall be deemed to require the Corporation to apply for or obtain any such registration, qualification, approval or listing referred to above. The Optionee hereby acknowledges and agrees that he has had access to such information as is necessary to enable him to evaluate the merits and risks of acquiring Shares pursuant to the exercise of the Option and that he is able to bear the economic risk of holding such Shares for an indefinite period.

#### 4. No Assignment

4.1 The Option is personal to the Optionee and non-assignable (whether by operation of law or otherwise). Upon any attempt to transfer, assign, pledge, hypothecate or otherwise dispose of the Option contrary to the provisions of this Agreement, or upon the levy of any attachment or similar process upon the Option, the Option shall, at the election of the Corporation, cease and terminate and be of no further force or effect whatsoever.

#### 5. Expiration

5.1 Subject to the terms and conditions set out in this Agreement, including the vesting conditions set out in Section 2 above and the termination provisions set out in Section 6 below, the Optionee shall have the right to exercise the Option with respect to all or any part of the Shares to the extent vested at any time or from time to time after the date hereof and prior to the close of business on (●) (the "**Expiry Time**"). On the Expiry Time, the Option shall forthwith expire and terminate and be of no further force or effect whatsoever with respect to the unexercised balance of the Shares available under the Option, whether vested or not.

#### 6. Termination of Employment; Death; Bankruptcy

6.1 Subject to the provisions of this Agreement and this Section 6 and to any express resolution passed with respect to the Option by the Board of Directors of the Corporation (the "**Board**") or by any committee of the Board established by the Board to administer the Plan (the "**Committee**"), the Option and all rights to purchase Shares pursuant thereto shall immediately expire, except to the extent vested in which case they shall expire and terminate on the [thirtieth (30<sup>th</sup>)] day following the date the Optionee ceases to be a ["**Consultant**" or "**Employee**" or "**Director**"] within the meaning of Section 1.1 of the Plan.

6.2 Subject to the provisions of this Agreement and this Section 6, if the Optionee shall die prior to the full exercise of the Option, his personal representatives, heirs or legatees may, at any time within one (1) year after the date of such death, exercise the Option with respect to the unexercised balance of the Shares to the extent vested, subject to the terms of the Option but only to the same extent to which the Optionee could have exercised the Option immediately before the date of such death. In no event, however, shall the Option be exercisable after the Expiry Time.

6.3 In the event that the Optionee commits an act of bankruptcy or any proceeding is commenced against the Optionee under the *Bankruptcy and Insolvency Act* (Canada) or other applicable bankruptcy or insolvency legislation in force at the time of such bankruptcy and such proceeding remains undismitted for a period of thirty (30) days, the Option may not be exercised following the date on which the Optionee commits such act of bankruptcy or such proceeding remains undismitted, as the case may be.

7. **Rights as a Shareholder**

7.1 An Optionee shall not have any rights as a shareholder of the Corporation with respect to any of the Shares subject to the Option until the date of issuance of a certificate for such Shares upon the exercise of the Option, in full or in part, and then only with respect to the Shares represented by such certificate or certificates. Without in any way limiting the generality of the foregoing, no adjustment shall be made for dividends or other rights for which the record date is prior to the date such share certificate is issued.

8. **Inconsistency with Plan**

8.1 The parties hereto agree that in the event this Agreement is inconsistent with the Plan the Plan shall prevail.

9. **Certain Adjustments**

9.1 In the event that the Shares are at any time changed or affected as a result of the declaration of a stock dividend thereon or their subdivision or consolidation, the number of Shares reserved for the Option shall be adjusted accordingly by the Board or the Committee to such extent as they deem proper in their discretion. In such event, the number of, and the price payable for, the Shares that are then subject to the Option may also be adjusted by the Board or the Committee to such extent, if any, as they deem proper in their discretion.

9.2 If at any time after the date of this Agreement and prior to the expiration of the term of the Option, the Shares shall be reclassified, reorganized or otherwise changed, otherwise than as specified in **Section 9.1** of this Agreement or, subject to the provisions of **subsection 10.1(a)** of this Agreement, the Corporation shall consolidate, merge or amalgamate with or into another corporation (the corporation resulting or continuing from such consolidation, merger or amalgamation being herein called the "**Successor Corporation**"), the Optionee shall be entitled to receive upon the subsequent exercise of the Option in accordance with the terms of this Agreement and shall accept in lieu of the number of Shares to which he was theretofore entitled upon such exercise but for the same aggregate consideration payable therefor, the aggregate number of shares of the appropriate class and/or other securities of the Corporation or the Successor Corporation (as the case may be) and/or other consideration from the Corporation or the Successor Corporation (as the case may be) that the Optionee would have been entitled to receive as a result of such reclassification, reorganization or other change or, subject to the provisions of **subsection 10.1(a)** of this Agreement, as a result of such consolidation, merger or amalgamation, if on the record date of such reclassification, reorganization or other change or the effective date of such consolidation, merger or amalgamation, as the case may be, he had been the registered holder of the number of Shares to which he was theretofore entitled upon such exercise.

10. **Amendments to the Option**

10.1 Notwithstanding anything to the contrary contained in this Agreement:

- (a) in the event the Corporation proposes to amalgamate, merge or consolidate with any other corporation (other than a wholly-owned subsidiary) or to liquidate, dissolve or wind-up, or in the event an offer to purchase or repurchase the Shares or any part thereof shall be made to all or substantially all holders of the Shares, the Corporation shall have the right, upon written notice thereof to the Optionee, to permit the exercise of the Option within the 20 day period next following the date of such notice and to determine that upon the expiration of such 20 day period, all rights of the Optionee to the Option or to exercise same (to the extent not theretofore exercised) shall *ipso facto* terminate and cease to have further force or effect whatsoever;

- (b) in the event of the sale by the Corporation of all or substantially all of the assets of the Corporation as an entirety or substantially as an entirety so that the Corporation shall cease to operate as an active business, the Option may be exercised as to all or any part of the Shares subject to the Option in respect of which the Optionee would have been entitled to exercise the Option in accordance with the provisions of this Agreement at the date of completion of any such sale at any time up to and including, but not after the earlier of: (i) the close of business on that date which is thirty (30) days following the date of completion of such sale; and (ii) the close of business on the expiration date of the Option; but the Optionee shall not be entitled to exercise the Option with respect to any other Shares; and
- (c) subject to the rules of any relevant stock exchange or other regulatory authority, the Board may, by resolution, advance the date on which any Option may be exercised or extend the expiration date of the Option.
- (d) The Optionee hereby acknowledges and agrees that the Board may at any time by resolution terminate the Plan. In such event, the Option if vested and outstanding may be exercised by the Optionee for a period of thirty (30) days after the date on which the Corporation shall have notified the Optionee of the termination of the Plan, but only to the same extent as the Optionee could have exercised the Option immediately prior to the date of such notification.

## 11. Notice

11.1 All communications and payments provided for under this Agreement shall be in writing and shall be deemed to be given when delivered in person or deposited in the mail, first class, certified or registered, return receipt requested, with proper postage prepaid and,

- (a) if to the Optionee, addressed to:

(●)

Phone No.: (●)

Fax No.: (●)

- (b) if to the Corporation, addressed to:

XAU Resources Inc.  
66 Wellington Street West, Suite 4100  
Toronto, ON  
M5K 1B7

Attention: Gary Bay

Phone No.: 647-339-4301

in either case with a copy to:

WeirFoulds LLP  
66 Wellington Street West, Suite 4100  
Toronto, ON M5K 1B7

Attention: Rob Eberschlag

Phone No. 416-947-5076

Fax No. 416-365-1876

12. **Time of Essence**

12.1 Time shall be of the essence of this Agreement and each and every part hereof.

13. **Binding Effect**

13.1 This Agreement shall enure to the benefit of and be binding upon the parties hereto, the successors of the Corporation and the executor, administrator, heirs and personal representatives of the Optionee. This Agreement shall not be assignable by the Optionee.

14. **Headings**

14.1 The section headings contained in this Agreement are for reference purposes only and shall not affect in any way the meaning or interpretation of this Agreement.

15. **Amendment**

15.1 This Agreement may be amended only by a written instrument signed by each of the parties hereto.

16. **Governing Law**

16.1 This Agreement shall be governed by and construed in accordance with the laws of the Province of Ontario and the laws of Canada applicable therein.

17. **Duplicate Originals**

17.1 It is hereby acknowledged by the parties hereto that this Agreement has been signed in duplicate only, one original executed copy delivered to the Optionee and one delivered to the Corporation.

18. **Paramountcy**

18.1 To the extent there is any inconsistency or ambiguity between this Agreement and any other employment or consulting agreement, the terms of this Agreement shall govern to the extent of such inconsistency or ambiguity.

**IN WITNESS WHEREOF** the parties hereto have executed this Agreement on the date first above written.

**SIGNED, SEALED & DELIVERED**  
in the presence of

) **XAU RESOURCES INC.**  
)  
)  
) Per: \_\_\_\_\_  
) Name:  
) Title:  
)  
)  
)

\_\_\_\_\_)  
Witness: )

Per: \_\_\_\_\_  
[Optionee]

**EXERCISE NOTICE**

TO: **XAU RESOURCES INC.**  
 AND TO: **THE BOARD OF DIRECTORS THEREOF**

*Unless otherwise defined herein, all capitalized terms will have the meanings specified in a stock option plan adopted by XAU Resources Inc. effective as of [●], 2018.*

The undersigned holder of the Options evidenced by the Option Agreement hereby subscribes for \_\_\_\_\_ Shares of the Corporation pursuant to such Options exercisable at an exercise price of Cdn\$ \_\_\_\_\_ until the Expiry Time (or such other price as is determined pursuant to the Option Agreement) on the terms specified in such Option Agreement and enclosed herewith a certified cheque, bank draft or money order payable to the order of the Corporation in payment therefor.

The undersigned hereby irrevocably directs that the said Shares be issued in the name of the undersigned and delivered as follows:

<b>Name(s) in Full</b>	<b>Address(es)</b>	<b>SIN Number (if applicable)</b>	<b>Number(s) of Common Shares</b>	<b>Taxpayer Identification Number (if applicable)</b>
_____	_____	_____	_____	_____

(Please print full name in which Share certificates are to be issued. If any Shares are to be issued to a person or persons other than the holder, the holder must pay to the Corporation all exigible transfer taxes or other government charges.)

**DATED** this \_\_\_\_\_ day of \_\_\_\_\_, \_\_\_\_\_.

\_\_\_\_\_  
Signature Guaranteed

\_\_\_\_\_  
Signature of Subscriber

\_\_\_\_\_  
Name of Subscriber

\_\_\_\_\_  
Address of Subscriber

- Please check if the Share certificates are to be delivered at the office where this Exercise Notice is surrendered, failing which the certificates will be mailed.
- Certificates will be delivered or mailed only after the transfer books of the Corporation have been opened for five business days after the due surrender of the Exercise Notice as aforesaid.

