

XAU Resources Inc. Announces Entry Into Definitive Option Agreement To Acquire the Noseno Property and Commencement of \$1 Million Private Placement

22.10.2021 | [Newsfile](#)

Toronto, October 22, 2021 - [XAU Resources Inc.](#) (TSXV: GIG.P) ("XAU" or the "Corporation"), is pleased to announce that, further to its news release of August 17, 2021, it has entered into a definitive option agreement to acquire the Noseno Property in Guyana. XAU also announces that it is commencing a \$1 million non-brokered private placement (the "Offering") in conjunction with its proposed entry into a definitive agreement granting XAU the option to acquire the Noseno Property in Guyana (the "Noseno Property Option").

The Noseno Property Option

Pursuant to the Property Option Agreement, the Corporation may acquire a one hundred percent (100%) undivided interest in the Noseno Property by, among other things, making the following annual cash payments and incurring the following annual minimum work expenditures, all over a four-year period:

Payment Date	Annual Cash Payments ⁽¹⁾	Work Expenditures ⁽¹⁾
On or before the Trigger Date ⁽²⁾	CAD \$318,525	CAD \$637,050
On or before the date that is two years from the Trigger Date	CAD \$318,525	CAD \$1,274,100
On or before the date that is three years from the Trigger Date	CAD\$637,050	CAD\$1,911,150
On or before the date that is four years from the Trigger Date	CAD\$1,911,150	CAD\$2,548,200

Notes:

(1) All figures converted from United States Dollars based on the Bank of Canada daily average rate of exchange on September 29, 2021 which was US\$1.00 = C\$1.2741.

(2) The "Trigger Date" is the date that is the later of (a) one year from October 21, 2021 and (b) the day after the date on which (i) conditional acceptance by the Exchange of the Qualifying Transaction is received by XAU and (ii) not less than Cdn\$1,000,000 of Subscription Proceeds is unconditionally released to XAU.

XAU may accelerate and carry forward any of the cash payments or work expenditures. Upon full exercise of the option, XAU shall grant to NW Exploration a three percent (3%) net smelter returns royalty with respect to commercial production from the Noseno Property.

In the event that the option is fully exercised, and thereafter XAU produces a bankable feasibility study recommending that the Noseno Property be placed into commercial production, XAU shall pay NW Exploration \$2,500,000.

Completion of the Qualifying Transaction is subject to various conditions precedent, including, but not limited to:

- (a) the Financing and the Qualifying Transaction having been conditionally accepted by the Exchange; and
- (b) completion of the Offering.

The Qualifying Transaction, if completed, is an Arm's Length Qualifying Transaction. No Shareholder

approval is required to complete the Qualifying Transaction.

The Offering

The Offering will consist of 4,000,000 subscription receipts (each, a "Subscription Receipt") at a price of \$0.25 per Subscription Receipt to raise gross proceeds of \$1,000,000.

Upon closing of the Offering, the gross proceeds from the Offering (the "Escrowed Funds") will be delivered to TSX Trust, to be held in escrow, pending the satisfaction or waiver of certain escrow release conditions on or prior to 5:00 p.m. (Toronto time) on January 31, 2022 (the "Escrow Release Deadline"):

- (a) the receipt of all regulatory, corporate, shareholder and regulatory approvals, if any, required in connection with the Offering and the Qualifying Transaction, including, without limitation, the conditional approval of the TSXV for the Qualifying Transaction;
- (b) other than the release of the Escrowed Funds, all conditions precedent to the completion of the Qualifying Transaction, substantially in accordance with the terms of the Definitive Agreement shall have been satisfied or waived, and shall be confirmed to be true and accurate in a certificate of a senior officer of XAU;
- (c) the receipt by TSX Trust of escrowed funds in the amount of \$1,000,000; and
- (d) the delivery of a notice from XAU to the Subscription Receipt Agent confirming the satisfaction or waiver of the foregoing items (a) and (b).

Each Subscription Receipt will entitle the holder thereof to receive upon satisfaction or waiver of the above escrow release conditions prior to the Escrow Release Deadline (as defined below), without payment of any further consideration or further action on the part of the holder, one (1) common share of XAU.

If the Escrow Release Conditions are not satisfied or waived (to the extent permitted) at or before the Escrow Release Deadline, (ii) the Definitive Agreement is terminated before the Escrow Release Deadline, or (iii) prior to the Escrow Release Deadline, XAU announces to the public that it does not intend to satisfy the Escrow Release Conditions, the Escrowed Funds shall be returned to the holders of the Subscription Receipts and the Subscription Receipts will be cancelled without any further action on the part of the holders.

In connection with the Offering, finders may be paid a cash commission of 7% and a number of finder's warrants equal to 7% of the subscription receipts sold to investors introduced by the finder, each such finder's warrant entitling the holder to purchase one common share of XAU at a price of \$0.25 for a term of two years from the date of conversion of the subscription receipts.

The Subscription Receipts will be offered on a private placement basis in all provinces of Canada pursuant to applicable prospectus exemptions. This press release does not constitute an offer to sell or a solicitation of an offer to buy the Subscription Receipts in any jurisdiction, nor will there be any offer or sale of the Subscription Receipts in any jurisdiction in which such offer, solicitation or sale would be unlawful. The Subscription Receipts have not and will not be registered under the United States Securities Act of 1933, as amended (the "U.S. Securities Act"), or any U.S. state securities laws and, therefore, may not be offered or sold to, or for the benefit or account of, persons within the United States or "U.S. persons" (as such term is defined in Regulation S under the U.S. Securities Act) except pursuant to exemptions from the registration requirements of the U.S. Securities Act and applicable state securities laws.

All securities issued in connection with the Offering will be subject to a four month and one day statutory hold period running from the date of issue of the Subscription Receipts.

The Noseno Property

The Noseno Property is located in north-western Guyana in one of Guyana's prospective greenstone belts, 210 kilometers west-northwest of Georgetown, the capital of Guyana. It is an early stage greenfields project which, despite its geological potential, is largely unexplored. The Noseno Property comprises 37 licenses covering 37,623 acres (15,225.5 ha, or 152.26 km²). The Noseno Property is located in the same greenstone terrane as that which hosts the Aurora Mine (Zijin Mining) 46 kilometres to the southeast and the Toroparu Project (Gold X Corp) 58 kilometres to the south, in similar geological settings, and is considered to hold potential for the presence of similar orogenic-style gold mineralization. Refer to Figure 1.

The Noseno property is underlain by "greenstone" consisting of mafic metavolcanics plus intrusives, intermediate metavolcanics and clastic metasediments of the Paleoproterozoic Barama Formation. The property is surrounded on three sides by Trans-Amazonian granitoids, and the central portion of the property has been intruded by smaller plutons of Trans-Amazonian granitoid plus several intrusions of diorite and felsic porphyry providing numerous geological contacts of contrasting rheology along which orogenic deformation and mineralization may have focussed. The property is favourably situated between two northwest-southeast oriented regional structures, which the Aurora Mine and Toroparu Project are spatially associated with.

Despite the favourable geological setting, the Noseno property has experienced no formal exploration. Limited exploration work was performed by junior explorer [Riva Gold Corp.](#) on the Hicks and Williams gold prospects near the northern boundary of the Noseno property in 2010, including a small diamond drilling program of seven holes totalling 1,797 meters which reportedly returned up to 1.63 metres of 98.89 g/t Au (uncut), including 0.5 metres of 273.69 g/t Au¹. However, the presence of gold mineralization at the Hicks prospect does not infer the potential for gold mineralization on the Noseno property. There has been no follow up to [Riva Gold Corp.](#)'s limited exploration efforts of 2010, and no records of any exploration on the Noseno property itself.

Work programs have been planned to explore the large Noseno property to commence as soon as funding is in place. A program of systematic, results driven exploration has been designed to evaluate the property with the aim of rapidly identifying the most prospective areas through stream sediments, soil and rock geochemistry, geological mapping and prospecting plus acquisition and interpretation of the historical geophysical survey data over the district. The budget will also allow for limited initial testing of promising targets through trenching and/or drilling programs. If initial results are encouraging, subsequent exploration programs will be proposed and may include additional geochemical and geological surveys, airborne and/or ground geophysics, and more extensive campaigns of target testing by trenching and drilling.

1. Unpublished Report: "Technical Report on the Exploration Program in the Noseno Area", by E.A. Vida, December 31, 2010, for Mammoth Minerals Guyana Inc. a subsidiary of [Riva Gold Corp.](#)

Figure 1: Location of the Noseno Property and Guyana Geology

To view an enhanced version of this graphic, please visit:

https://orders.newsfilecorp.com/files/6447/100564_3990fc9e142c2970_001full.jpg

Mr. Kevin Thomson, P.Geo. (Ontario), Consulting Geologist and author of "NI-43-101 Technical Report on the NOSENO Property, Guyana", dated effective 28 February 2021, is a qualified person within the meaning of National Instrument 43-101. Mr. Thomson reviewed and approved the scientific and technical information disclosed in this news release. For more technical information, please see the NI 43-101 Technical Report on the NOSENO Property, Guyana filed on XAUs sedar profile at [sedar.com](#).

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