

# QNB Metals Announces The Execution Of A Binding Loi With Analog Gold Inc.

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MONTREAL, June 22, 2022 - [QNB Metals Inc.](#) ("QNB Metals" or the "Corporation") (CSE: TIM) is pleased to announce that it entered into an arm's length binding letter of intent (the "LOI") dated June 17, 2022 with Analog Gold Inc. ("Analog"), with respect to a proposed transaction (the "Proposed Transaction"), whereby QNB Metals will acquire a 100% interest in Minagoldchoix SA de CV ("Analog Mexico"), Analog's 99.97% owned Mexican subsidiary, which owns the Tres Oros gold property (the "Tres Oro Property") and two other properties.

The Tres Oros Property, located 47 km SE of Mazatlan, Mexico, is an active pilot mine that launched production in 2020. The polymetallic mineralised structure is open laterally and at depth. It is strategically located near stable modern electric grid, accessible via a new superhighway, and 5 kilometers from an available processing plant. The company have access at 600 tons/day flotation plant and operate the oxide and transition mineralized rock zone for the first 50 vertical meter and 350 meter longitudinal. The company project to start the underground development in Q4 2022.

Stéphane Leblanc, CEO of QNB Metals said, "This is an exciting transaction for the Corporation and its shareholders. This is an operational mine, with an experienced management team and a clear plan to pursue its development. Provided our due diligence is completed successfully, Analog intends to increase the capacity by completing the undertaken upgrade of the mine's equipment, its plant, and increase the labor force."

"This is an exciting moment for Analog Gold Inc to become a public entity through the merger with [QNB Metals Inc.](#) Analog's management team believes this is an ideal opportunity to move the Analog to the next level. The company has gone from start-up to gold production in very short time through the support of a core of dedicated shareholders. Analog's combination with QNB will allow the company to access a wider market as it continues to grow as a gold producer, said James A. Culver, Chairman and CEO of Analog.

## Proposed Transaction Structure

The LOI provides for a business combination of QNB Metals and Analog, which would be implemented by way of a "Reverse Takeover" of QNB Metals by Analog. It is currently anticipated that the Proposed Transaction will be completed by way of a share exchange between the Corporation and the security holders of Analog (the "Analog Security Holders"), or the security holders of Analog Mexico, however that the definitive structure of the RTO will be determined based on further tax and structuring advice to be received prior to the execution of definitive agreements (the "Definitive Agreement") governing the Proposed Transaction on or before July 27, 2022 . In this news release, references to the "Resulting Issuer" is to QNB Metals after the closing of the Proposed Transaction.

The LOI also contemplates other material conditions precedent to be fulfilled prior to the closing of the Proposed Transaction (the "Closing"), including, the completion of a financing to raise sufficient gross proceeds for the Resulting Issuer to meet listing requirement at a minimum price of \$0.40 per share (the "Financing"), customary due diligence, and all requisite board and shareholder approvals being obtained.

It is anticipated that the completion of the Proposed Transaction will involve, among other things, the following steps, but the parties may agree to adopt a different form or steps, if the parties agree that such form would better satisfy their objective (including, but not limited to, the tax efficiency to the parties):

- Consolidation of QNB Metals shares on a 2 old for 1 new basis (the "Consolidation");
- Completion of the Financing;
- QNB Metals will pay \$38,625,210 through the issuance of 96,563,025 common share post Consolidation (the "Payment Shares") and 17,982,803 common share purchase warrants to the Analog Security Holders, or Analog, on a pro rata basis;

- Preparation and filing of a disclosure document outlining the definitive terms of the transaction in accordance with the policies of the exchange;
- Receipt of all director, shareholder and requisite regulatory approvals relating to the Proposed Transaction and the Financing, including, without limitation, the approval of the exchange;
- Each of QNB Metals and Analog shall have executed, delivered and performed all covenants on its part to be performed under the Definitive Agreement, and all representations and warranties of each party contained in the definitive agreement shall be true and correct at the time of Closing;
- Execution of satisfactory employment or consulting agreement with the principals of Analog; and
- QNB Metals will change its name to Analog Gold Corp. or such other similar name as the parties may agree to.

Certain Resulting Issuer securities issuable under the Proposed Transaction may be subject to the escrow requirements of the exchange and hold periods as required by applicable securities laws.

#### Management of the Resulting Issuer

Upon closing of the Proposed Transaction, all of the Corporation's current directors and officers will resign; the board of directors of the Resulting Issuer will consist of five directors, including André St-Michel, who will also be appointed President and CEO, James A. Culver, Peter Voldness, Manuel Garces and Marcel Labonté.

More details of insiders and proposed directors and officers of the Resulting Issuer will be disclosed in a further news release.

#### Trading Halt

Trading in the QNB Metals shares has been halted as a result of this announcement. Trading in the QNB Metals shares will remain halted pending the review of the proposed transaction by the exchange and satisfaction of conditions of the exchange for resumption. It is likely that trading in QNB Metals shares will not resume prior to the completion of the Proposed Transaction.

Further details concerning the Proposed Transaction and other matters will be announced if and when a Definitive Agreement is executed.

Jacques Marchand, Geology Engineer, a qualified person for the purposes of National Instrument 43-101, has reviewed and approved the geological disclosure contained in this news release.

Completion of the transaction is subject to a number of conditions, including but not limited to, Exchange acceptance and if applicable, disinterested shareholder approval. Where applicable, the transaction cannot close until the required shareholder approval is obtained. There can be no assurance that the transaction will be completed as proposed or at all.

Investors are cautioned that, except as disclosed in the management information circular or filing statement to be prepared in connection with the transaction, any information released or received with respect to the transaction may not be accurate or complete and should not be relied upon. Trading in the securities of QNB Metals should be considered highly speculative.

The Canadian Securities Exchange has in no way passed upon the merits of the proposed transaction and has neither approved nor disapproved the contents of this news release.

#### About QNB Metals Inc.

[QNB Metals Inc.](#) is an exploration and development company focused on creating shareholder value through the strategic acquisition of precious and base metals projects while closing and maintaining key partnerships.

#### About Analog Gold Inc.

Analog Gold is a mining investment company that combines proven, responsible, and sustainable mining practices with leading technology to increase shareholder value, transparency, and access to the commodities sector. Analog Gold focuses on the high value growth stage of precious metals projects: the

transition from exploration to production.

### **Forward-Looking Statements**

*This news release may contain "forward-looking statements" within the meaning of applicable Canadian securities laws, including, without limitation: execution of a Definitive Agreement, any potential Financing and the successful closing of the Proposed Transaction. Forward-looking statements are necessarily based upon a number of estimates and assumptions that, while considered reasonable by management, are inherently subject to significant business, economic and competitive uncertainties, and contingencies. Forward-looking statements are necessarily based upon a number of estimates and assumptions that, while considered reasonable by management, are inherently subject to significant business, economic and competitive uncertainties, and contingencies. These statements generally can be identified by the use of forward-looking words such as "may", "should", "will", "could", "intend", "estimate", "plan", "anticipate", "expect", "believe" or "continue", or the negative thereof or similar variations. Forward-looking statements involve known and unknown risks, uncertainties and other factors that may cause future results, performance or achievements to be materially different from the estimated future results, performance or achievements expressed or implied by those forward-looking statements and the forward-looking statements are not guarantees of future performance. The Corporation's statements expressed or implied by these forward-looking statements are subject to a number of risks, uncertainties, and conditions, many of which are outside of the Corporation's control, and undue reliance should not be placed on such statements. Forward-looking statements are qualified in their entirety by the inherent risks and uncertainties surrounding the Proposed Transaction, including: that the Corporation's assumptions in making forward-looking statements may prove to be incorrect; general adverse market conditions and competition; the inability to finance operations and/or obtain any future strategic investment necessary to implement new technologies; the inability to build a sustainable, conscientious company with a stronger presence online through new products in esports and gaming; the inability to obtain, or maintain, gaming license(s); and that market conditions related to the COVID-19 pandemic may negatively affect the outcome of the business or operations of the Corporation, including its results and financial condition. Except as required by securities law, the Corporation does not assume any obligation to update or revise any forward-looking statements, whether as a result of new information, events or otherwise.*

*Neither TSX Venture Exchange nor its Regulation Services Provider (as that term is defined in the policies of the TSX Venture Exchange) accept responsibility for the adequacy or accuracy of this release.*

*The securities which may be offered have not been, nor will be, registered under the United States Securities Act of 1933, as amended, and may not be offered or sold in the United States or to U.S. persons without registration or applicable exemption from the registration requirement of such Act. This release does not constitute an offer for sale of such securities in the United States of America.*

QNB Metals Inc.

"Stéphane Leblanc"  
Stéphane Leblanc, President and CE

### **Contact**

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