

OPTION AGREEMENT

THIS AGREEMENT made as of the 21st day of October, 2021 (the “**Effective Date**”).

B E T W E E N:

NORTH WEST EXPLORATION INC.,

(hereinafter referred to as the “**Optionor**”)

OF THE FIRST PART

- and -

XAU RESOURCES INC.,

(hereinafter referred to as the “**Optionee**”)

OF THE SECOND PART

WHEREAS the Optionor has agreed to grant to the Optionee an option to earn a 100% undivided interest in certain mining permits located in northwestern Guyana, approximately 210 kilometres west of Georgetown, known collectively as the “Noseno Project” and as more particularly described in Schedule “A” annexed hereto (the “**Property**”), on the various terms and conditions set forth below;

NOW THEREFORE THIS AGREEMENT WITNESSETH that for and in consideration of the mutual covenants and agreements herein contained and the sum of \$2.00 (the receipt and sufficiency whereof is hereby acknowledged), it is hereby agreed by and between the parties hereto as follows:

1. **Definitions.** In this Agreement, unless something in the subject matter or context is inconsistent therewith:
 - (a) “**Act**” means the Mining Act, 1991 of Guyana;
 - (b) “**Agreement**” means this agreement and all amendments made hereto in accordance with the provisions hereof;
 - (c) “**Cash Payments**” has the meaning given to it in Section 5(b)(i);
 - (c) “**Commercial Production**” means, and is deemed to have commenced:
 - (i) if a plant is located on any of the Property, when the plant processing ores, for other than testing purposes, has operated for a period of 75 production days at an average rate of not less than 60% of design capacity; or
 - (i) if a plant is not located on the Property, when ores have been produced and shipped from the Property for a period of 75 production days at the rate of

not less than 60% of the mining rate specified in a feasibility study recommending placing the Property in Commercial Production;

- (d) **“Encumbrances”** has the meaning given to it in Section 2(a)(xi);
- (e) **“Environmental Claims”** means any and all administrative, regulatory or judicial actions, suits, demands, claims, liens, notices of noncompliance or violation, investigations or proceedings relating in any way to any Environmental Law or any permit issued under any such Environmental Law, including, without limitation:
 - (i) any and all claims by governmental or regulatory authorities for enforcement, clean-up, removal, response, remedial or other actions or damages pursuant to any applicable Environmental Law; and
 - (ii) any and all claims by any third party seeking damages, contribution, indemnification, cost recovery, compensation or injunctive or other relief resulting from hazardous materials, including any release thereof, or arising from alleged injury or threat of injury to human health or safety (arising from environmental matters) or the environment;
- (f) **“Environmental Law”** means all requirements of the common law or of environmental, health or safety statutes, regulations, rules, ordinances, policies, orders, approvals, notices, licenses, permits or directives of any federal, territorial, provincial or local judicial, regulatory or administrative agency, board or governmental authority including, but not limited to those relating to:
 - (i) noise;
 - (ii) pollution or protection of the air, surface water, ground water or land;
 - (iii) solid, gaseous or liquid waste generation, handling, treatment, storage, disposal or transportation;
 - (iv) exposure to hazardous or toxic substances; or
 - (v) the closure, decommissioning, dismantling or abandonment of any facilities, mines or workings and the reclamation or restoration of any lands;
- (g) **“Exchange”** means the TSX Venture Exchange;
- (h) **“GGMC”** means the Guyana Geology and Mines Commission, and any successor commission or agency of the government of Guyana;
- (i) **“MPs”** means the thirty-seven (37) mining permits more fully identified in Schedule “A” hereto, and includes all mineral and/or mining rights accruing or attaching thereto;

- (j) **“Person”** means and includes individuals, corporations, limited partnerships, general partnerships, joint stock companies, limited liability corporations, joint ventures, associations, companies, trusts, banks, trust companies, pension funds, business trusts or other organizations, whether or not legal entities;
- (k) **“Qualifying Transaction”** means a transaction acceptable to the Exchange as a qualifying transaction in accordance with the rules of the Exchange;
- (l) **“Regulations”** means the regulations duly enacted under the Act;
- (m) **“Royalty”** has the meaning ascribed thereto in subparagraph 10(a);
- (n) **“Subscription Proceeds”** means the proceeds from the Optionee’s private placement of subscription receipt;
- (o) **“Trigger Date”** has the meaning given to it in Section 5(b)(i)(1); and
- (p) **“Work Expenditures”** has the meaning given to it in Section 5(b)(ii).

2. **Representations and Warranties**

- (a) The Optionor hereby represents and warrants to the Optionee that:
 - (i) it is a corporation duly incorporated, organized and validly subsisting under the laws of the jurisdiction of its incorporation, qualified to carry on business in Guyana and it has full power and authority to own its assets;
 - (ii) it has duly obtained all necessary authorizations for the execution, delivery and performance of this Agreement and such execution, delivery and performance and the consummation of the transactions herein contemplated will not conflict with or result in any breach of any covenants or agreements contained in, or constitute a default under, or result in the creation of any encumbrance, lien or charge under the provisions of its constating documents, its by-laws, or any shareholders’ or directors’ resolution or any indenture, agreement, license, permit, mining claim, lease or other instrument whatsoever to which it is a party or by which it or its assets, property or undertaking is bound or to which it may be subject and does not contravene any applicable laws, rules or regulations;
 - (iii) it has the right, power, authority and capacity to enter into and carry out its obligations under this Agreement and to grant to the Optionee an option to acquire and to convey to the Optionee a 100% undivided interest in and to the Property;
 - (iv) this Agreement has been duly executed and delivered by it and is valid and binding upon it in accordance with its terms;

- (v) it is the sole recorded and beneficial owner of the Property, with good and marketable title thereto free and clear of all Encumbrances;
- (vi) the Property is properly and accurately described in Schedule "A" annexed hereto;
- (vii) each of the MPs comprising the Property has been properly and legally applied for, granted and recorded in accordance with the laws of Guyana;
- (viii) all assessment work has been performed, filed and recorded to maintain the Property in good standing in accordance with the laws and regulations of Guyana;
- (ix) all taxes, assessments, rentals, acreage fees, levies or other payments relating to the Property and required to be made to any federal, provincial, state or municipal governmental instrumentality have been made;
- (x) the Property is in good standing and the conditions on and relating to the Property respecting all past and current operations thereon are in compliance with all applicable federal, provincial and municipal laws including all Environmental Laws;
- (xi) the Property (including all ores, concentrates, minerals, metals or products in, on or under the Property or which may be removed or extricated therefrom) is free and clear of any and all liens, charges, claims, encumbrances, security interests, mortgages, hypothecs, agreements, reservations of title, adverse claims (including, without limitation, any Environmental Claim, order or judgment relating to the Property or any legal proceedings in process, pending or threatened which might result in any such order or judgment), royalties, profit interests or other payments in the nature of a rent or royalty, or other interests of whatsoever nature or kind, recorded or unrecorded (collectively, "**Encumbrances**");
- (xii) there have been no material spills, discharges, leaks, emissions, ejections, escapes, dumpings or other releases of any kind of any toxic or hazardous materials or substances in, on or under the Property or the environment surrounding it and there is no presence of polychlorinated biphenyl in, on or under the Property and no event has occurred that could result in an Environmental Claim;
- (xiii) it has not received from any governmental instrumentality any notice of, or communication relating to, any actual or alleged Environmental Claims, and there are no outstanding work orders or actions required to be taken relating to environmental matters respecting the Property or any operations carried out thereon;

- (xiv) the Property is free and clear of all unprotected open mine shafts, mine openings or workings, open pits, rock stockpiles, mine tailings, or waste materials;
- (xv) it has not granted any Person access to or the right to enter upon and explore or investigate the mineral potential of the Property nor is it aware of any such exploration or investigation having been conducted thereon;
- (xvi) the Property is not subject to any outstanding obligations or liabilities whatsoever or any agreement with any third party or any other right of any kind in favour of any other Person;
- (xvii) there is no adverse claim against or challenge to the ownership of or title to any part of the Property nor is there any basis therefor;
- (xviii) it has and will continue to make available to the Optionee all information in its possession or control relating to work done on or with respect to the Property which could possibly be considered to be materially significant in indicating whether the Property might or might not have the potential for economic mineralization;
- (xix) it owns the MPs free and clear of all Encumbrances and has the exclusive right to enter upon the Property and to mine precious and semi-precious metals and stones from it and to do all or any acts, deeds or things that are incidental or ancillary thereto or therefor;
- (xx) the surface rights of the Property have not been dealt with or encumbered in any fashion by it and it has the right and has unimpeded access to the surface area of the Property;
- (xxi) if the Optionee elects to exercise the option granted hereunder, such exercise shall transfer all interests in and rights to the MPS and the Property, including all mineral and mining rights accruing thereto or therefrom, in compliance with applicable law;
- (xxii) there is no restriction on the zoning of the Property or any proposed change to such zoning which would hinder or prohibit the intended use by the Optionee of the Property for exploration and mining activity;
- (xxiii) there is no contract, option or any other right of any other Person binding upon or which at any time in the future may become binding upon the Optionor to sell, transfer, assign, pledge, charge, mortgage or in any other way dispose of or encumber the Property other than pursuant to the provisions of this Agreement;
- (xxiv) if the transfer of the Property constitutes a sale of all or substantially all of the property of the Optionor, it has obtained all shareholder, director and creditor approvals prescribed by law to permit it to so transfer the Property;

- (xxv) there are no actions, suits or proceedings (whether or not purportedly on behalf of the Optionor) (including Environmental Claims) pending or threatened against or materially adversely affecting, or which could materially adversely affect, the Property or before or by any federal, provincial, municipal or other governmental authority, department, court, commission, board, bureau, agency or instrumentality, domestic or foreign, whether or not insured, and which might involve the possibility of any Encumbrance or any other right of another against the Property;
 - (xxvi) all required consents of any third parties to the sale and transfer by the Optionor to the Optionee of the Property have been obtained and written copies thereof have been provided to the Optionee;
 - (xxvii) the Optionor has not received any notice of and is not aware of any material or substantial facts or circumstances relating to the Property or to the permitted use thereof, which have not been disclosed to the Optionee and which might, if disclosed, be reasonably expected to affect the Optionee's decision to purchase the Property;
 - (xxviii) the operation of the Property is not subject to any written or verbal operating, management, maintenance or other agreements, and the Optionee shall not be bound to assume any such contract;
3. The Optionee hereby represents and warrants to the Optionor that it has full power, authority and capacity to enter into and to carry out its obligations under this Agreement.
4. The representations and warranties hereinbefore set out are conditions on which the parties have relied in entering into this Agreement and shall survive the acquisition of any interest in the Property by the Optionee and the termination of this Agreement, and each of the parties will indemnify and save the other harmless from all loss, damage, costs, actions and suits arising out of or in connection with any breach of any representation, warranty, covenant, agreement or condition made by it and contained in this Agreement.
5. **Grant of Option**
- (a) The Optionor hereby gives and grants to the Optionee the sole, exclusive and irrevocable right and option of acquiring a 100% undivided interest in and to the Property free and clear of all Encumbrances, subject to the provisions of this Agreement.
 - (b) In order to maintain in force the rights granted to it under subparagraph 5(a) hereof and to maintain in force the option and earn the interest in the Property provided for in subparagraph 5(a) hereof, the Optionee must:
 - (i) make the following payments to the Optionor in accordance with the following schedule (collectively, the "**Cash Payments**"):

- (1) USD\$250,000 on or before the date that is the later of (the “**Trigger Date**”) (a) one year from the Effective Date and (b) the day after the date on which (i) conditional acceptance by the Exchange of the Qualifying Transaction is received by the Optionee and (ii) not less than Cdn\$1,000,000 of Subscription Proceeds is unconditionally released to the Optionee;
 - (2) a further USD\$250,000 on or before the date that is two years from the Trigger Date ;
 - (3) a further USD\$500,000 on or before the date that is three years from the Trigger Date ; and
 - (4) a further USD\$1,500,000 on or before the date that is four years from the Trigger Date ; and
- (ii) maintain work expenditures levels in respect of exploration work on the Property in each of the four years for a cumulative total of USD\$5,000,000. The Optionee must incur these work expenditures for the exploration work on the Property in accordance with the following schedule (collectively, the “**Work Expenditures**”):
- (1) USD\$500,000 on or before the date that is one year from the Trigger Date;
 - (2) a further USD\$1,000,000 on or before the date that is two years from the Trigger Date ;
 - (3) a further USD\$1,500,000 on or before the date that is three years from the Trigger Date ; and
 - (4) a further USD\$2,000,000 on or before the date that is two years from the Trigger Date ; and

provided that the Optionee may, in its sole and unfettered discretion, accelerate any or all of the Cash Payments and/or Work Expenditures and any such accelerated payment or expenditure shall be carried forward and applied as a credit against one or more then-future Cash Payments and Work Expenditures, as applicable, that the Optionee may elect to make in the next succeeding period or periods. If the Optionee fails to make any of the Cash Payments or Work Expenditures on or before the applicable date set out above, the Optionor shall have the right, but not the obligation, to terminate this Agreement upon delivering notice in writing to the Optionee stipulating the date on which this Agreement will terminate and thereafter the Optionee shall have no right, title or interest in and to the Property and shall have no further liabilities or obligations to the Optionor under this Agreement, except as otherwise stated under the this Agreement to the contrary. In the event the Optionee has satisfied the Option Exercise Obligations, the Option

shall be deemed to have been fully exercised and thereafter the Optionee shall be deemed to own 100% of the undivided interest in and to the Property and the Optionor shall do all things necessary to effect the irrevocable transfer of the 100% undivided interest in and to the Property to the Optionee, including any and all registrations, filings and transfers, as applicable. The Parties agree that, until the Option Exercise has occurred in full, the This Agreement will constitute only an option to acquire the Property and, notwithstanding anything to the contrary contained therein, the Optionee shall not be obligated to make any Cash Payments and/or Work Expenditures unless it wishes to maintain the Option.

6. Exploration and Development Expenditures

For the purpose of this Agreement, amounts expended in carrying out exploration and development expenditures on the Property shall include, without limitation, amounts expended in geophysical, geochemical and geological surveys in searching for, digging, trucking, sampling, working, mining and procuring ores, minerals and metals and doing diamond drilling, assaying and metallurgical testing, in renting, erecting and installing mining plant, buildings, machinery, tools, appliances and/or equipment, and transporting men, machinery, tools, appliances, equipment and supplies to and from the Property or any part of it, in paying wages and salaries of people engaged in work on the Property or any part thereof, in paying assessments and contributions under workmen's compensation and unemployment insurance legislation relating to such people, in supplying food, lodging and other reasonable needs for such people, in paying provincial or state mining taxes and all other taxes and assessments applicable to the Property (excluding income taxes) and in paying such other amounts as are directly related to carrying out the exploration and development work on the Property.

7. Option Payments

All the Cash Payments provided for in subparagraph 5(b)(i) hereof and the Work Expenditures in subparagraph 5(b)(ii) hereof are at the option of the Optionee and such Cash Payments need not be made by the Optionee and such Work Expenditures need not be incurred by the Optionee, unless the Optionee wishes to keep the option granted to it hereunder in force from time to time and/or to fully exercise the same.

8. Optionor's Rights and Obligations

- (a) The Optionor covenants and agrees with the Optionee that during the currency of the option hereby granted
 - (i) it shall cause to be done all things necessary or advisable in order to maintain the Property in good standing in all respects, including, without limitation, the payment of all rental and bond requirements, and the filing and recording of assessment work conducted by the Optionee, and the maintenance of the Property in accordance with the Regulations so as to keep the Property in good standing under the laws of Guyana.

9. **Optionee's Rights and Obligations**

- (a) The Optionee and its employees, agents or nominees shall during the currency of the option hereby granted have the sole and exclusive right:
 - (i) to enter upon the Property;
 - (ii) to have exclusive and quiet possession thereof;
 - (iii) to explore, develop, diamond drill and do such other mining work thereon and thereunder as it thinks advisable;
 - (iv) to remove from the Property and dispose of ores, concentrates, minerals and metals; and
 - (v) to bring upon and/or erect in and upon the Property such mining plant, buildings, machinery, tools, appliances and/or equipment as may be deemed appropriate, subject to the consent of the GGMC.
- (b) The Optionee covenants and agrees with the Optionor that during the currency of the option hereby granted:
 - (i) it will pay all accounts of every nature and kind for wages, supplies, workmen's compensation assessments (or equivalent) and other amounts or indebtedness incurred by it in connection with any operations or work carried out by it on the Property as and when same become due and payable so that no claim or lien arises against the Property or the ores, concentrates, minerals and metals therein. Should any lien or liens be registered against the Property in consequence of any work done or material brought thereon by or on behalf of the Optionee, the Optionee shall forthwith take proceedings at its own expense to have such lien or liens removed. Provided always that should the Optionee desire to dispute or contest such a claim for a lien or liens, it shall be entitled to do so but shall remove or have same removed within a reasonable time after the validity of the same shall have been finally determined and the Optionee shall indemnify the Optionor and protect the Property from and against all and any claims of any nature or kind which may hereafter be made in respect of any operations carried on by the Optionee on the Property including any claim made after the expiration of the option hereby granted arising by reason of the condition by which the Optionee may have left the Property or any part of it;
 - (ii) it will conduct all exploration, development and mining operations in, on and under the Property in good and workmanlike manner in accordance with good mining and engineering practice and in compliance with all applicable laws, regulations and orders and without limiting the generality of the foregoing, it will in the event it does not fully exercise the option granted to it hereunder:

- (1) leave the Property in a safe condition with all openings safeguarded in accordance with the provisions of the Act and the Regulations, the Occupational Safety and Health Act and its regulations and all other applicable laws; and
- (2) remove all supplies, tools, appliances, plant, machinery, equipment and buildings which may have been brought or erected upon the Property by it while the option is in force and if not so removed within 6 months of the date of termination of the option hereby granted, same shall become the property of the Optionor;
- (iii) it will deliver copies of all assessment reports and maps to the Optionor as the same become available and will permit the Optionor or its agents duly authorized in writing to enter upon the Property at any reasonable time to inspect the workings thereon and all assays, plans, maps, diamond drill cores, records and other data in its possession relating to the work done by it on the Property, provided that such inspections shall not interfere with the work being carried out thereon by the Optionee and shall be at the sole risk of the Optionor;
- (iv) if it terminates the option hereby granted without fully exercising same, it will upon the Optionor's written request deliver to the Optionor all reports, maps, plans and particulars of exploration, development and mining work done in and under the Property, together with all assays, diamond drill cores, records and other data and information in the Optionee's possession relating to the exploration and development work and mining operations carried out by it on the Property; and
- (v) it shall indemnify and save the Optionor harmless from all costs, losses and damages which may arise by reason of injury (including injury resulting in death) to any person employed by it in or upon the Property, or damage done to any other property as a result of any work or operations by it on the Property; and
- (vi) it shall pay any and all taxes, duties, assessments, fees and rents and/or royalties payable in respect of the Property.

Notwithstanding anything to the contrary contained in this Agreement, in the event that this Agreement is terminated, the provisions of clauses (i), (ii), (iv) and (v) of this subparagraph 9(b) shall survive and continue to apply.

10. **Royalty and Further Consideration**

- (a) In the event that the option is fully exercised, the Optionee shall thereupon acquire a 100% undivided interest in the Property, free and clear of all liens and encumbrances, subject only to a three percent (3%) net smelter returns royalty in favour of the Optionee (the "**Royalty**"), which Royalty shall be evidenced by the

Optionee and the Optionor entering into the form of Royalty agreement set out in Schedule "B".

- (b) In the event that the option is fully exercised, and thereafter the Optionee produces a bankable feasibility study recommending that the Property be placed into Commercial Production, the Optionee covenants and agrees to pay to the Optionor \$2,500,000 in cash.

11. Default

If, during the currency of the option granted to it hereunder, the Optionee shall default with respect to any of its covenants and agreements contained herein other than making the payments provided for in subparagraph 5(b) hereof, the Optionor shall notify Optionee in writing specifying the nature of such default and if the Optionee does not rectify such default within sixty (60) days of the receipt of such notice then in every such case this Agreement shall terminate. If default shall be made with respect to the making of the payments provided for in subparagraph 5(b) hereof and if the Optionee does not rectify such default within ten (10) days of the receipt of notice thereof, then this Agreement shall terminate. In the event of default, at the sole discretion of the Optionor and without creating an obligation on the Optionor, the Optionor can take all steps necessary to ensure that the Property remains in good standing, including, but not limited to, making all permit renewal payments.

12. Termination

Notwithstanding anything to the contrary contained in this Agreement and subject only to the provisions of this paragraph 12, the Optionee may, during the currency of the option granted hereunder and after the exercise thereof, at any time and from time to time upon notice to the Optionor terminate this Agreement with respect to all or any part or parts of the Property. Forthwith upon the giving of said notice such of the Property with respect to which this Agreement has been terminated shall cease to be part of the Property for the purpose of this Agreement and save only for the provisions of clauses (i), (ii)(iii), (iv) and (v) of subparagraph 9(b) hereof, all obligations of the Optionee hereunder with respect thereto shall thereupon be at an end and the term "**Property**" shall thereafter mean only that part of the Property that is still subject to the provisions of this Agreement.

13. Title Documents

The Optionor shall upon execution of this Agreement deliver to the Optionee transfers in blank of the Property in a form sufficient in the opinion of the Optionee's solicitors to enable title to the Property to be transferred into the name of the Optionee, notwithstanding that the option granted to it hereunder has not been fully exercised. In the event this Agreement is terminated, in whole or in part, prior to the Optionee acquiring a 100% interest in the Property the Optionee shall deliver to the Optionor transfers in blank in a form sufficient in the opinion of the Optionor's solicitors to enable title to the Property (or such part thereof not acquired or abandoned by the Optionee) to be retransferred to the Optionor or otherwise dealt with. Nothing herein contained shall prevent the Optionor while the option herein granted remains unexercised to record a memorandum of this Agreement or other notation against title to the Property.

14. Regulatory Approval

The parties acknowledge and agree that the Optionee's performance obligations under this Agreement are subject to the Optionee obtaining conditional acceptance from the Exchange of the transaction contemplated hereby on or before January 31, 2022.

15. Confidentiality

The Optionor shall not, without the prior written consent of the Optionee, which shall not be unreasonably delayed or withheld, knowingly disclose to any third party data or information obtained pursuant to this Agreement which is not generally available to the public; provided, however, the Optionor may disclose data or information so obtained without the consent of Optionee:

- (1) to any of Optionor's consultants or advisors;
- (2) to any third party to whom Optionor, in good faith, anticipates selling or assigning the Optionor's Royalty interest;
- (3) to a prospective lender;
- (4) to its consultants or advisors; or
- (5) to a third party to which a Party or its parent company contemplates a transfer to, or a merger, amalgamation or other corporate reorganization with,

provided however, that any party under (2), (3), (4), or (5) to whom disclosure is made has a legitimate business need to know the disclosed information, and shall first agree in writing to protect the confidential nature of such information to the same extent Optionor is obligated under this section.

16. Press Releases

A Party desiring to make a disclosure, statement or press release concerning this Agreement shall first consult with the other Party prior to making such disclosure, statement or press release, and the Parties shall use all reasonable efforts, acting expediently and in good faith, to agree upon a text for such statement or press release which is satisfactory to all Parties. Subject to its rights and obligations regarding confidentiality under section 15, Optionor shall not issue any press release containing technical information relating to the Property except upon giving Optionee two (2) days advance written notice of the contents thereof, and Optionor shall make any reasonable changes to such proposed press release as such changes may be timely requested by Optionee, provided, however, Optionor may include in any press release without notice any information previously reported by Optionee or Optionor. A Party shall not, without the consent of the other Party, issue any press release that implies or infers that the non-issuing Party endorses or joins the issuing Party in statements or representations contained in any press release.

17. Notice

Any notice or other communication (in each case, a “**Notice**”) required or permitted to be given hereunder shall be in writing and shall be delivered by hand or transmitted by email transmission addressed as follows:

If to North West Exploration, to:

North West Exploration Inc.
Lot A143 Robins's Place West, Bel Air Park
Georgetown, Demerara, Republic of Guyana
Attention: Mr. Andrew Pollard, Director/Secretary
E-mail: amfpollard@gmail.com

If to XAU Resources, to:

XAU RESOURCES LTD.
66 Wellington Street West, Suite 4100
P. O. Box 35 TD Bank Tower
Toronto, Ontario, Canada. M5K 1B7
Attention: Gary Bay, Chief Executive Officer
E-mail: solobay17@yahoo.com

Any Notice given in accordance with this Section, if transmitted by email transmission, shall be deemed to have been received on the business day transmission or, if delivered by hand, shall be deemed to have been received when delivered. Notice of change of address shall also be governed by this Section.

18. Time of Essence

Time shall be of the essence of this Agreement.

19. Further Assurances

The parties hereto agree to sign, execute and deliver all such other deeds and documents and to do all such other things as may be expedient or necessary to give full force and effect to this Agreement.

20. Headings

It is understood and agreed that the headings used in this Agreement are inserted for convenience only and shall be disregarded in construing this Agreement.

21. Enurement

This Agreement shall enure to the benefit of and be binding upon the parties hereto and their respective heirs, executors, administrators, successors and permitted assigns.

22. Assignment

This Agreement and any interest in the Property may be freely sold, assigned or otherwise disposed of in any manner by the Optionee provided that the person, firm, corporation or other entity to whom such sale or other disposition is made shall first have agreed in writing to adopt and be bound by the terms and conditions of this Agreement, including, for greater certainty, the obligations pursuant to section 10 of this Agreement.

23. Applicable Law

This Agreement shall be construed and enforced in accordance with and governed by the laws of Guyana with respect to matters pertaining to the MPS and the Property, including but limited to the status of and title to the MPs and the Property. This Agreement in all other respects and all other documents, instruments, certificates, approvals and other agreements entered into in connection herewith shall be interpreted and governed in accordance with the laws of the Province of Ontario.

24. Entire Agreement

This Agreement, together with all schedules, annexes, exhibits and other attachments hereto from time to time, constitutes the entire agreement between the parties hereto pertaining to the subject matter hereof and supersedes all prior and contemporaneous agreements, understandings, negotiations and discussions, whether oral or written, of the parties hereto and there are no warranties, representations or other agreements between the parties in connection with the subject matter hereof, except as specifically set forth. No supplement, modification or waiver of this Agreement shall be binding unless executed in writing by the parties to be bound thereby.

25. Severability

In the event that any court or administrative body of competent jurisdiction determines that any part, term, or provision of this Agreement is unenforceable, illegal, or in conflict with any federal, provincial, regional, or local law, the parties shall petition (or shall hereby be deemed to have petitioned) such court or administrative body to amend such part, term, or provision in such a way as to carry out the intent of the parties hereto to the extent permissible under such law; provided, however, that if the court or administrative body declines to so act, then, such part, term, or provision shall be considered severable from the rest of the Agreement, and the remaining provisions of the Agreement shall not be thereby affected, and this Agreement shall be construed and enforced as if the Agreement did not contain such part, term or provision.

26. Foreign Currency

Any reference in this Agreement to currency other than Guyana currency shall constitute foreign currency and shall constitute an automatic reference to an equivalent sum of Guyana currency calculated at the Cambio Selling Rate of exchange operative at the time of payment. “**Cambio Selling Rate**” shall mean the rate of exchange at which the Cambio sells foreign currency to its customers for Guyana currency or vice versa, as applicable. Notwithstanding anything to the

contrary herein contained, all obligations under this Agreement shall be settled in Guyana currency.

27. Dispute Resolution

- (a) Any dispute arising out of or in connection with this Agreement including any question regarding its existence, validity or termination, shall be referred to and finally resolved by arbitration under the Rules of the London Court of International Arbitration (LCIA), which Rules are deemed to be incorporated by reference into this clause.
 - (i) The number of Arbitrators shall be 3 (three).
 - (ii) The place of arbitration shall be London, England.
 - (iii) The language to be used in the arbitral proceedings shall be English.
 - (iv) The Appointing Authority shall be the LCIA.
 - (v) The standard LCIA Administrative Procedures and Schedule of Costs shall apply.
- (b) The failure by a Party to participate in arbitral proceedings shall not constitute valid grounds for rejecting the jurisdiction of the arbitration panel appointed under this Article, or the validity and enforceability of any of its awards. The Arbitration and any award it may make shall be final and binding upon all Parties. Each Party undertakes to execute any arbitral awards rendered against it in accordance with its terms, in full, voluntarily and without delay. Judgment on the award may be entered and enforced in any court of competent jurisdiction. The Parties shall bear the expenses of the arbitration equally. The Arbitrators may make an award of costs as they see fit and such award may include any sums contributed by a Party towards the expenses of the arbitration.

28. Counterparts; Electronic Signatures

This Agreement may be signed electronically and in counterparts, which together shall be deemed to constitute one instrument and delivery of the counterparts may be effected by email PDF, DocuSign or other electronic means and such delivered signatures shall be deemed to be originals.

[Signature page follows]

IN WITNESS WHEREOF the parties hereto have hereunder set their hands on the date first above written in the presence of the subscribing witnesses hereto.

Signed)
Name: Andrew M. F. Pollard)
Title: Director)
Signature: “*Andrew M. F. Pollard*”)
As Witness: [REDACTED])

Optionor

Signed)
Name: Gary Bay)
Title: Director)
Signature: “*Gary Bay*”)
As Witness: [REDACTED])

Optionee

SCHEDULE "A"

**TO AN AGREEMENT MADE BETWEEN
NORTH WEST EXPLORATION INC.**

and

XAU RESOURCES INC.

The Property consists of the 37 mining permits identified more specifically below, together with 100% of the mineral and mining rights attaching thereto or derived therefrom:

N-66/MP/000	D-1032/MP/000
N-66/MP/001	D-1032/MP/001
N-66/MP/002	D-1033/MP/000
N-66/MP/003	D-1033/MP/001
N-66/MP/004	D-1033/MP/002
N-66/MP/005	D-1033/MP/003
N-66/MP/006	D-1034/MP/000
N-66/MP/007	D-1035/MP/000
N-66/MP/008	D-1034/MP/001
N-66/MP/009	D-1034/MP/002
N-66/MP/010	D-1034/MP/003
N-66/MP/011	D-1034/MP/004
N-66/MP/012	D-1034/MP/005
N-66/MP/013	D-1034/MP/006
N-66/MP/014	D-1034/MP/007
N-66/MP/015	D-1034/MP/008
N-66/MP/016	D-1034/MP/009
	D-1034/MP/010
	D-1034/MP/011
	D-1034/MP/012

SCHEDULE "B"

**TO AN AGREEMENT MADE BETWEEN
NORTH WEST EXPLORATION INC.**

and

XAU RESOURCES INC.

NET SMELTER RETURNS ROYALTY AGREEMENT

(see attached)

NET SMELTER RETURNS ROYALTY AGREEMENT

THIS AGREEMENT made as of the [●] day of [●], [●].

BETWEEN:

NORTH WEST EXPLORATION INC., a
Guyana-incorporated company,

(hereinafter referred to as “**Holder**”)

- and –

XAU RESOURCES INC., a corporation
incorporated under the laws of Canada.

(hereinafter referred to as the “**Owner**”, and
the Holder and the Owner collectively the “**Parties**”
or singularly a “**Party**”),

WHEREAS the Owner and the Holder have entered into an Option Agreement dated October 21, 2021, (the “**Option Agreement**”), which provides for the grant of a Royalty (as defined below) in favour of the Holder herein.

NOW THEREFORE THIS AGREEMENT WITNESSES THAT, in consideration of the respective covenants, agreements, representations, warranties and indemnities herein contained and for other good and valuable consideration (the receipt and sufficiency of which are hereby acknowledged by each Party), the Parties hereto covenant and agree as follows:

1. DEFINITIONS

For purposes of this Agreement, unless the context otherwise requires, the following terms shall have the respective meanings set out below and grammatical variations of such terms shall have corresponding meanings:

- (a) **"Affiliate"** has, with respect to the relationship between two or more companies, the meaning given to it in the *Canada Business Corporations Act* as such act may be amended from time to time and, with respect to the relationship between two or more Persons any of which are not bodies corporate, a Person shall be deemed to be an Affiliate of another Person if one of them is controlled by the other or if both are controlled by the same Person, and for this purpose, control means the right, directly or indirectly, to direct or cause the direction of the management of the affairs of a Person, whether by ownership of securities, by contract or otherwise.
- (b) **"Agreement"** means this net smelter returns royalty agreement, as the same may be amended, supplemented or modified from time to time.
- (c) **"Business Day"** for the purposes of the Calculation Price, means any calendar day other than a Saturday or Sunday or any day that is a statutory or civic holiday in Toronto, Ontario and, for any other purpose, means any calendar day other than a Saturday, Sunday or any day that is a statutory or civic holiday in Georgetown, Demerara-Mahaica or Toronto, Ontario.
- (d) **"Calculation Price"** means in respect of Minerals for which the Owner receives payment from a Processor or from any other Person, or that are credited to the account of the Owner, the Spot Price on the Business Day that the Owner receives such payment or on which the Owner's account is credited with such Minerals or with the U.S. dollar cash equivalent monetary value thereof.
- (e) **"Commercial Production"** means, and is deemed to have commenced:
 - (i) if a plant is located on any of the Properties, when the plant processing ores, for other than testing purposes, has operated for a period of 75 production days at an average rate of not less than 60% of design capacity; or
 - (i) if a plant is not located on the Properties, when ores have been produced and shipped from the Properties for a period of 75 production days at the rate of not less than 60% of the mining rate specified in a feasibility study recommending placing the Properties in Commercial Production;
- (f) **"Effective Date"** means the date first set out on the first page of this Agreement.
- (g) **"Governmental Authority"** shall mean any federal, provincial, or local governmental, regulatory or administrative authority, agency or commission, or any court, tribunal or judicial or arbitral body or stock exchange, having jurisdiction.
- (h) **"Hedging Transactions"** has the meaning given to it in Section 6.

- (i) **“IFRS”** means International Financial Reporting Standards.
- (j) **“Interest”** has the meaning given to it in Section 3(e).
- (k) **“Minerals”** means all marketable naturally occurring metallic and non-metallic minerals or mineral bearing material in whatever form or state, including, without limitation, any precious metal, any base metal, natural gas, petroleum, coal, gems, diamonds, salt and rock, sand, clays, rare earths, gravel or aggregate, that are mined, extracted, removed, produced or otherwise recovered from the Properties (other than any rock, sand, gravel or aggregate used in connection with the conduct of operations by the Owner), whether in the form of ore, doré, concentrates, refined metals or otherwise, including without limitation, and any other beneficiated or derivative products thereof and including any such minerals or mineral bearing materials or products derived from any processing or reprocessing of any tailings, waste rock or other waste products originally derived from the Properties.
- (l) **“Net Smelter Returns”** means, in respect of any period following the commencement of Commercial Production, the aggregate of: (a) the actual gross monetary proceeds received by the Owner from the sale or other disposition of Minerals or, in the event that the account of the Owner at a Processor is credited with Minerals processed by the Processor, the gross value of Minerals so credited to the Owner calculated on the basis of the aggregate quantity of such Minerals so credited at the relevant time period multiplied by the Calculation Price, (b) an amount equal to the quantities of all Minerals sold by the Owner in such period, to persons not dealing at arm’s length with the Owner, multiplied by the (Calculation Price) and (c) any proceeds of insurance received during such period on Minerals lost or stolen, less the following expenses:
 - (i) all taxes based directly on or assessed against the value or quantity of Minerals produced, sold or otherwise disposed of from the Property, including the following:
 - (A) direct sales and/or value added taxes;
 - (B) use taxes;
 - (C) gross receipts taxes;
 - (D) severance taxes; and
 - (E) royalties of any Governmental Authority;but excluding any and all taxes based upon the net or gross income of the Owner or other operator of the Properties, the value of the Properties or the privilege of doing business and other taxes assessed on a similar basis; and
 - (ii) all transportation costs, including shipping, freight, handling and forwarding expenses and related insurance costs, for transportation of

Minerals from the Properties to or from a Processor or to the point of sale or other disposition, and

- (iii) all direct charges and/or costs charged or incurred by any Processor or other purchaser of the Minerals, including penalties, storage charges, treatment and handling charges, environmental charges, wire transfer charges or metal account administration charges (provided such charges, costs and/or penalties have not been previously deducted by the Processor) and all sales and/or marketing charges and/or costs related to the sale or other disposition of Minerals; provided that if the milling, smelting, refining, minting and/or further processing is carried out at facilities owned or controlled, in whole or in part, by the Owner, then the charges and costs for such milling, smelting, refining, minting and/or further processing of such Minerals shall be the lesser of: (A) the costs and charges that the Owner would have incurred if such milling, smelting, refining, minting and/or further processing was carried out at facilities that are not owned or controlled by the Owner and that are offering comparable services in a comparable location for comparable products; and (B) the actual charges and/or costs incurred by the Owner with respect to such milling, smelting, refining, minting and/or further processing.
- (m) **“Notice”** shall have the meaning set out in Section 18(h) herein.
- (n) **“Person”** means and includes individuals, corporations, limited partnerships, general partnerships, joint stock companies, limited liability corporations, joint ventures, associations, companies, trusts, banks, trust companies, pension funds, business trusts or other organizations, whether or not legal entities.
- (o) **“Place of Delivery”** means the place or account directed by the Holder in writing.
- (p) **“Prime”** means at any particular time, the reference rate of interest, expressed as a rate per annum, that Royal Bank of Canada establishes as its prime rate of interest in order to determine interest rates that it will charge for demand loans in Canadian dollars to its most credit worthy commercial customers in Canada.
- (q) **“Processor”** means collectively any mill, smelter, refinery, mint or other processor, which processes Minerals to the final product stage before sale or other disposition, by or for the account of the Owner.
- (r) **“Properties”** means collectively those properties described on Schedule “A” attached hereto, and each of the properties referred to on Schedule “A” is a **“Property”**
- (s) **“Royalty”** shall have the meaning set out in Section 2 of this Agreement.
- (t) **“Spot Price”** on any given date means (i) in the case of Minerals that are gold, the price of gold in U.S. dollars on the London Bullion Market, Afternoon Fix on such date; (ii) in the case of Minerals that are silver, the price of silver in U.S. dollars

determined using the Handy & Harman quoted price of silver on such day as reported in the Wall Street Journal and (iii) in the case of all other Minerals, the price per unit in U.S. dollars for the relevant Minerals as quoted on the London Metal Exchange, or if for any reason the London Metal Exchange does not report spot pricing for a particular Mineral, then the Parties shall mutually agree upon an appropriate pricing entity or mechanism that accurately reflects the market value of any such Mineral. If for any reason the London Bullion Market, the Wall Street Journal or the London Metal Exchange are no longer in operation, the "Spot Price" of such Minerals shall be determined by reference to the price of such Minerals on another commercial exchange mutually acceptable to the Parties hereto. The exchange rate used to convert a "Spot Price" for Minerals from U.S. dollars to any other currency on a particular date shall be determined on the basis of the Bank of Canada noon exchange rate for U.S. dollars on such day.

2. GRANT OF ROYALTY

Subject to the terms of this Agreement, the Owner, for and in consideration of the sum of TEN DOLLARS (\$10.00) and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged by the Owner, hereby grants, and agrees to pay to the Holder a royalty (the "**Royalty**") equal to 3% of any Net Smelter Returns. The Owner and the Holder expressly acknowledge and agree that the grant of the Royalty referred to in this Section 2 is effective as of the date of this Agreement and is intended to run with and bind each of the Properties and the title of the Owner thereto and shall be binding upon the successors and assigns of the Owner and all successors of the Owner in title to the Properties.

3. TIME AND MANNER OF ROYALTY PAYMENTS

- (a) The Royalty payment shall be calculated and paid for each quarter of each calendar year during the term of this Agreement (a "**quarter**") (i.e., each succeeding three month period of a calendar year, the first quarter commencing on January 1st), commencing with the quarter (or the remainder thereof) in which the commencement of Commercial Production occurs. Subject as set out in subsection 3(b) below, the Royalty payment for each quarter shall be paid to the Holder by the Owner by certified cheque, bank draft or wire transfer (in the discretion of the Holder) in U.S. dollars, on or before the day that is sixty (60) days after the last day of each quarter. Any adjustment to the determination of any Royalty payment as contemplated pursuant to the terms of this Agreement shall be made on the next scheduled Royalty payment after such adjustment is determined. All such Royalty and adjustment payments shall be delivered to the Holder at the Place of Delivery in the foregoing manner as specified in writing by the Holder.
- (b) The Holder shall have no right to receive Royalty Payments in the Mineral in the physical product in kind.
- (c) At least sixty (60) days prior to commencing any mining of the Properties and concurrently with the release of the annual report by the Owner (or within sixty (60) days of the end of each calendar year in the circumstances that any party that

is the Owner is not obligated to issue an annual report), the Owner shall deliver to the Holder a reasonably detailed and reasoned estimate specific to the Properties of the proven and probable reserves of Minerals on, in or under the Properties.

- (d) At the time each Royalty payment is paid to the Holder, the Owner shall prepare and deliver to the Holder a statement setting out in reasonable detail the manner in which such Royalty payment was calculated, including: (i) the quantities of Minerals produced and sold or otherwise disposed of by the Owner with respect to such quarter or the amount of Minerals produced and credited to the account of the Owner for such quarter, as the case may be; (ii) the quantities of Minerals to which such Royalty payment is applicable; (iii) the calculation of the applicable Net Smelter Returns; (iv) the Calculation Price for Minerals, if applicable, (v) the calculation of Interest accrued on such Royalty payment, if any; and (vi) in the event of any commingling as contemplated in Section 5, a detailed summary of the determination by the Owner of the quantity of Minerals commingled in accordance with Section 5 and subject to the Royalty; and (vii) in the case of Minerals in the form of ores mined and stockpiled but not sold or processed by the Owner during the previous quarter, the tonnage and location of such Minerals so stockpiled.
- (e) Notwithstanding the terms of any other provision in this Agreement, the Owner shall not be obligated to make any Royalty payment before the Owner has received payment for the sale or other disposition of Minerals, or its account has been credited with Minerals by any end Processor.
- (f) The Holder may object in writing to any statement or Royalty payment amount within 1 year of the receipt by the Holder of the relevant statement in respect of such payment or such payment. If it is determined by agreement of the Parties that any Royalty payment has not been properly paid in full as provided herein, the Owner shall pay interest on the delinquent payment at a rate per annum of Prime plus 2% per annum (“Interest”), commencing on the date on which such delinquent payment was properly due and continuing until the date on which the Holder receives payment in full of such delinquent payment and all accrued Interest thereon. For the purposes of this subsection, Prime shall be determined as of the date on which such delinquent payment was properly due.
- (g) If it is determined by agreement of the Parties or by arbitration that any Royalty payment was overpaid, the Owner shall be entitled to offset such amount against the next Royalty payment.
- (h) All Royalty payments, including Interest, if any, will be made subject to withholding or deduction in respect of the Royalty for, or on account of, any present or future taxes, duties, assessments or governmental charges of whatever nature imposed or levied on such Royalty payment by or on behalf of any Governmental Authority having power and jurisdiction to tax and for which the Owner is obligated in law to withhold or deduct and remit to such Governmental Authority. The Owner shall set out in the statement referred to in Section 3(c) any amount so withheld.

- (i) All tailings, waste rock or other waste products resulting from the mining, milling or other processing of ores derived from the Properties from and after the date of this Agreement shall be the sole and exclusive property and responsibility of the Owner, but shall be subject to the Royalty and the terms of this Agreement, including the provisions in respect of commingling, if such tailings, waste rock or other waste products are processed in the future resulting in the production of Minerals therefrom.

4. **TERM AND INTEREST IN THE PROPERTY**

- (a) The term of this Agreement and of the existence of the Royalty shall commence on the Effective Date and continue in perpetuity, it being the intent of the Parties hereto that the Royalty shall constitute a covenant running with and binding upon the title to the Properties and all accessions thereto and all successions thereof, whether created privately or through governmental action, and binding upon the successors and assigns of the Owner and the successors in title to the Properties. If any right, power or interest of either party under this Agreement would violate the rule against perpetuities, then such right, power or interest shall terminate at the expiration of 20 years after the death of the last survivor of all the lineal descendants of Her Majesty, Queen Elizabeth II of England, living on the date of this Agreement.

5. **COMMINGLING**

- (a) Subject to subsection 5(b) below, the Owner shall be entitled to commingle Minerals from the Properties with ore or minerals from any other properties owned or leased by the Owner or from any other property which may be custom or toll milled by the Owner, during the stockpiling, milling (concentrating), smelting, refining, minting or further processing of Minerals produced from the Properties.
- (b) Before any Minerals are commingled with ores or minerals from any other properties, including stockpiling, the Minerals shall be measured and sampled in accordance with standard mining and metallurgical practices. Representative samples of the Minerals shall be retained by the Owner and assays and appropriate analyses of these samples shall be made before commingling to determine metal, mineral, moisture and other appropriate content of the Minerals. From this information, the Owner shall determine the quantity of the Minerals subject to the Royalty notwithstanding that the Minerals have been commingled with ores or minerals from other properties. Absent outstanding objection made by the Holder pursuant to Section 3(e), the Owner may dispose of the materials and data required to be produced and kept by this Section after a period of two (2) years from the date such materials and data are produced.

6. **HEDGING TRANSACTIONS**

Any and all profits, losses and expenses resulting from the Owner engaging in any commodity futures trading, option trading, metals trading, metal loans, and any other hedging transactions or any combination thereof (collectively “**Hedging Transactions**”) are specifically excluded from

calculations of Royalty payments pursuant to this Agreement. All Hedging Transactions shall be for the Owner's sole account and shall not affect the calculation and payment to the Holder of the Royalty payment which shall be calculated and paid in accordance with Section 3 without regard for any Hedging Transactions.

7. STOCKPILING

Subject to subsections 3(d)(vii) and 11(a) of this Agreement, the Owner or operator shall be entitled to temporarily stockpile, store or place ores or mined rock containing Minerals produced from the Properties in any locations owned, leased or otherwise controlled by the Owner or its Affiliates or the Processor on or off the Properties, provided the same are appropriately identified as to ownership and origin and secured from loss, theft, tampering and contamination.

8. BOOKS; RECORDS; INSPECTIONS

- (a) The Owner shall keep accurate books and records of all of its operations and activities with respect to the Properties, including the mining of Minerals therefrom and the mining, treatment, processing, refining and transportation of Minerals, prepared in accordance with IFRS, consistently applied. Subject to complying with the confidentiality provisions of this Agreement, the Holder and/or its authorized representatives shall be entitled, upon delivery of ten (10) Business Days advance notice, and during the normal business hours of the Owner, to perform audits or other reviews and examinations of the Owner's books and records relevant to the calculation and payment of the Royalty pursuant to this Agreement once per calendar year to confirm compliance with the terms of this Agreement, including without limitation, calculations of Net Smelter Returns. Without limiting the generality of the foregoing, the Holder shall have the right to audit all invoices and other records relating to the transportation of Minerals from the Properties to any Processor at which Minerals from the Properties may be milled, smelted, concentrated, refined or otherwise treated or processed, including the transportation of Minerals in the form of concentrates, doré, slag or other waste products from any mill at which Minerals from the Properties may be milled, to a Processor. The Holder shall diligently complete any audit or other examination permitted hereunder. All expenses of any audit or other examination permitted hereunder shall be paid by the Holder, unless the results of such audit or other examination permitted hereunder disclose a deficiency in respect of any Royalty payments paid to the Holder hereunder in respect of the period being audited or examined in an amount greater than 5% of the amount of the Royalty properly payable with respect to such period, in which event all expenses of such audit or other examination shall be paid by the Owner.
- (b) In performing such audit the Holder and/or its agents shall have reasonable access to all sampling, assay, weighing, and production records, including all mining, stockpile and milling records of the Owner relating to any Minerals derived from the Properties (and the Holder shall be allowed to make notes or a photocopy thereof), all of which such records shall be kept and retained by the Owner or

operator of the Properties in accordance with good mining industry practice for the period of retention set out in Section 5.

9. RIGHTS TO MONITOR PROCESSING OF MINERALS

Subject at all times to the workplace rules and supervision of the Owner, and provided any rights of access do not interfere with any exploration, development, mining or milling work conducted on the Properties or at any mill at which Minerals from the Properties may be processed, the Holder shall at reasonable times and upon at least ten (10) days notice, and at its sole risk and expense, have (a) a right of access by its representatives to the Properties and to any mill used by the Owner to process Minerals derived from the Properties (provided that in the event such mill is not owned or controlled by the Owner, such right of access shall only be the same right as any such right of access of the Owner), and (b) the right to monitor the Owner's stockpiling and milling of ore or Minerals derived from the Properties and to take samples from the Properties or any stockpile or from any mill or Processor (if not prohibited under any contract between the Owner and any such Processor) for purposes of assay verifications.

10. CONFIDENTIALITY

10.1 The Holder shall not, without the prior written consent of the Owner, which shall not be unreasonably delayed or withheld, knowingly disclose to any third party data or information obtained pursuant to this Agreement which is not generally available to the public; provided, however, the Holder may disclose data or information so obtained without the consent of the Owner:

- (a) if required for compliance with laws, rules, regulations or orders of a governmental agency or stock exchange;
- (b) to any of the Holder's consultants or advisors;
- (c) to any third party to whom the Holder, in good faith, anticipates selling or assigning Holder's Royalty interest; and
- (d) to a prospective lender,
- (e) to its consultants or advisors; or
- (f) to a third party to which a Party or its parent company contemplates a transfer to, or a merger, amalgamation or other corporate reorganization with,
- (g) provided however, that any party under (2), (3), (4), (5) or (6) to whom disclosure is made has a legitimate business need to know the disclosed information, and shall first agree in writing to protect the confidential nature of such information to the same extent the Holder is obligated under this section.

10.2 Press Releases. A Party desiring to make a disclosure, statement or press release concerning this Agreement shall first consult with the other Party prior to making such disclosure, statement or press release, and the Parties shall use all reasonable efforts, acting

expediently and in good faith, to agree upon a text for such statement or press release which is satisfactory to all Parties. Subject to its rights and obligations regarding confidentiality under section 10.1, the Holder shall not issue any press release containing technical information relating to the Property except upon giving the Owner two (2) days advance written notice of the contents thereof, and the Holder shall make any reasonable changes to such proposed press release as such changes may be timely requested by the Owner, provided, however, the Holder may include in any press release without notice any information previously reported by the Owner or the Holder. A Party shall not, without the consent of the other Party, issue any press release that implies or infers that the non-issuing Party endorses or joins the issuing Party in statements or representations contained in any press release.

11. CONDUCT OF OPERATIONS

- (a) All decisions concerning methods, the extent, timing, procedures or techniques of any (i) exploration, development and mining related to the Properties, (ii) extraction, stockpiling, leaching, milling, processing, refining or treatment of the Minerals or (iii) materials to be introduced on, under or to the Properties or produced therefrom, shall be made by the Owner in its sole and absolute discretion, and all decisions concerning the sale or other disposition of Minerals from the Properties, shall be made by the Owner in its sole and absolute discretion.
- (b) The Owner shall not be required to develop and/or mine the Properties or to mine and process any Minerals. The Owner shall not be responsible for or obliged to make any Royalty payments for Minerals or Mineral value lost in any mining or processing of the Minerals or for any Minerals stranded in situ as a result of mining.

12. NO IMPLIED COVENANTS

The Parties agree that there are no implied covenants or duties relating to or affecting any of their respective rights or obligations under this Agreement, and that the only covenants or duties which affect such rights and obligations shall be those expressly set forth and provided for in this Agreement.

13. ASSIGNMENT BY HOLDER

The Holder shall have the right, at any time and from time to time, to assign, transfer, convey, mortgage, pledge or charge any portion or all of the Royalty and its interest in and to this Agreement, provided any such assignee, transferee, mortgagee, pledgee or chargee enters into a written agreement with the Owner whereby it agrees to be bound, and to cause any assignee, transferee, mortgagee, pledgee or chargee from it to be bound, by the terms of this Agreement. The Owner covenants and agrees that it shall be bound by and shall perform, and that it will acknowledge in writing in favour of such assignee, transferee, mortgagee, pledgee or chargee that it is bound by and shall perform, the terms of this Agreement upon any such assignment, transfer, conveyance, mortgage, pledge or charge. The Holder shall notify the Owner in writing prior to the completion of any such assignment, transfer or conveyance, confirming the identity of such transferee, the appropriate Place of Delivery and the new address for notice to such transferee.

14. TRANSFER BY OWNER

14.1 The Owner shall be entitled to assign, sell, transfer, lease, mortgage, charge or otherwise encumber any or all of the Properties or the Minerals or the proceeds thereof and its rights and obligations under this Agreement, in whole or in part, without the consent of the Holder, provided the following conditions are satisfied, and upon such conditions being satisfied in respect of any such assignment, sale or transfer, lease, mortgage, charge or other encumbrance and, subject to the provision of Section 18(c), the Owner shall be released from all obligations under this Agreement:

- (a) any purchaser, transferee, lessee or assignee of such Properties or this Agreement agrees in advance in writing in favour of the Holder to be bound by the terms of this Agreement including, without limitation, this Section 14 and the indemnity provisions set out in Section 18 of this Agreement;
- (b) any purchaser, transferee or assignee of this Agreement has simultaneously acquired the Owner's right, title and interest in and to the applicable Properties;
- (c) any mortgagee, chargee, lessee, assignee or encumbrancer of the Owner of such Properties or this Agreement agrees at the time of such mortgage, charge, lease, assignment or encumbrance in favour of the Holder that, at the time of enforcement of its rights, (i) it shall be bound by and subject to the terms of this Agreement in the event it takes possession of or forecloses on all or part of such Properties and acknowledges that the Holder shall be entitled to receive the Royalty payments to which it is entitled hereunder in priority to any payments to such mortgagee, charge, lessee, assignee or encumbrancer and undertakes to obtain an agreement in writing in favour of the Holder from any subsequent purchaser, lessee, assignee or transferee of such mortgagee, chargeholder, lessee or encumbrancer that such subsequent purchaser, lessee, assignee or transferee will be bound by the terms of this Agreement including, without limitation, this Section 14; and
- (d) any royalty or other similar interest in or to such Properties, or in and to any Minerals, granted by the Owner after the date hereof, shall contain a term to the effect that no payment thereof, in cash or in product in kind, shall be made until the Royalty hereunder has been paid in full for the relevant time period.

15. REGISTRATION

It is the express intention of the Parties that the Royalty shall run with the Owner's title to the Properties and be binding upon the successors of the Owner in title to the Properties. Notwithstanding Section 10 (Confidentiality), the Holder may cause, at its own expense, the registration of a short form notice of the existence of the Royalty and this Agreement (without disclosing the Royalty terms herein) against the title to the Properties and the Owner covenants and agrees that it shall co-operate with such registration and provide its written consent or signature to any documents or things reasonably necessary to accomplish such registration in order to ensure that any successor or assignee or other acquiror or encumbrancer of the Owner's title to the Properties, or any interest therein, shall have public notice of the existence of the Royalty and this

Agreement, which consent or signatures shall be granted by the Owner without condition within five (5) Business Days of the receipt by the Owner of a request for such written consent.

16. DISPUTE RESOLUTION

Any matter in this Agreement in dispute between the Parties will be resolved in the manner contemplated by the Option Agreement.

17. REPRESENTATIONS AND WARRANTIES OF AND INDEMNITY BY THE OWNER

- 17.1 The Owner hereby represents and warrants that it has the corporate power, capacity and authority to grant the Royalty to the Holder and such grant, and the execution and delivery of this Agreement by the Owner, has been duly authorized by all required corporate action of the Owner and this Agreement represents a valid and binding obligation of the Owner duly enforceable against it by the Holder subject to the enforcement of creditor's rights generally and orders for equitable remedies in the discretion of the courts.
- 17.2 It is acknowledged that the Holder has no involvement in the carrying out of work related to or conducted on, in or under the Properties or in any decisions related to the Properties or any work related to or conducted on, in or under the Properties from and after the date of this Agreement, all such matters being in the sole control of the Owner. The Owner hereby indemnifies and saves harmless the Holder and its respective Affiliates and their respective directors, officers, shareholders and employees from and against any and all costs, expenses (including reasonable fees and expenses of legal counsel), damages, obligations, penalties, claims, orders or directives or other liability of any nature whatsoever incurred in respect of or arising out of the Properties or the title thereto or ownership thereof, or any work, operations, activities or event thereon, therein or thereunder or related thereto, conducted or arising from and after the date of this Agreement by virtue or by reason of the status of the Holder as a royalty holder.

18. GENERAL PROVISIONS

- (a) Further Assurances. Each Party shall execute all such further instruments and documents and do all such further actions as may be necessary to effectuate the documents and transactions contemplated in this Agreement, in each case at the cost and expense of the Party requesting such further instrument, document or action, unless expressly indicated otherwise.
- (b) Relationship of the Parties. Nothing herein shall be construed to create, expressly or by implication, a joint venture, mining partnership, commercial partnership, or any other partnership relationship between the Owner and the Holder.
- (c) Assignment. Any assignment, transfer, conveyance, mortgage, pledge or charge or lease or purported assignment, transfer, conveyance, mortgage, pledge or charge or lease of any interest in the Properties by the Owner, or in, to or arising under this Agreement by the Owner, which does not comply with the terms of this Agreement shall be null and void and of no force or effect whatsoever. Notwithstanding any

other provision in this Agreement, including the provisions of Section 14 of this Agreement, the Owner shall remain liable for all covenants, agreements, obligations, representations and warranties of the Owner contained in this Agreement, despite any assignment, transfer, conveyance, mortgage, pledge, charge or lease of any interest in the Properties, or in, to or arising under this Agreement, by the Owner to any Affiliate of the Owner, until such time as the Affiliate is released pursuant to Section 14.

- (d) Governing Law. This Agreement shall be governed by and construed under the laws of the Province of Ontario and the laws of Canada applicable in such province.
- (e) Time of Essence. Time is of the essence in this Agreement.
- (f) Severability. If any provision of this Agreement is wholly or partially invalid, this Agreement shall be interpreted as if the invalid provision had not been a part hereof so that the invalidity shall not affect the validity of the remainder of the Agreement which shall be construed as if the Agreement had been executed without the invalid portion. It is hereby declared to be the intention of the Parties that this Agreement would have been executed without reference to any portion which may, for any reason, hereafter be declared or held invalid.
- (g) Accounting Principles. All calculations hereunder shall be made in accordance with IFRS as the same may be in effect from time to time.
- (h) Notices. Any notice or other communication (in each case, a “**Notice**”) required or permitted to be given hereunder shall be in writing and shall be delivered by hand or transmitted by email transmission addressed as follows:

If to the Owner, to it at:

66 Wellington Street West, Suite 4100
P.O. Box 35 TD Bank Tower
Toronto, Ontario, Canada
M5K 1B7

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

If to the Holder, to it at:

Lot A143 Robins' Place West, Bel Air Park
Georgetown, Demerara, Republic of Guyana

Attention: Andrew Pollard, Director/Secretary
Email: amfpollard@gmail.com

Any Notice given in accordance with this Section, if transmitted by email transmission, shall be deemed to have been received on the business day transmission or, if delivered by hand, shall be deemed to have been received when delivered. Notice of change of address shall also be governed by this Section.

- (i) Schedules. The schedules which are attached to this Agreement are incorporated into this Agreement by reference and are deemed to form part hereof.
- (j) Currency. All references to currency herein and all calculations and payments to be made hereunder shall be in U.S. Dollars.
- (k) Counterparts. This Agreement may be executed in counterparts, which counterparts together shall constitute one and the same instrument and such counterparts may be delivered by electronic mail with originals subsequently delivered.

[Signature page follows]

IN WITNESS WHEREOF the Parties hereto have executed this Agreement as of the day and year first above written.

NORTH WEST EXPLORATIONS INC.

Per:
Name:
Title:

XAU RESOURCES INC.

Per:
Name:
Title:

SCHEDULE "A"

Description of the Properties

The Properties are comprised of the following thirty-seven (37) mining permits, together with 100% of the mineral and mining rights accruing thereto or derived therefrom:

N-66/MP/000	D-1032/MP/000
N-66/MP/001	D-1032/MP/001
N-66/MP/002	D-1033/MP/000
N-66/MP/003	D-1033/MP/001
N-66/MP/004	D-1033/MP/002
N-66/MP/005	D-1033/MP/003
N-66/MP/006	D-1034/MP/000
N-66/MP/007	D-1035/MP/000
N-66/MP/008	D-1034/MP/001
N-66/MP/009	D-1034/MP/002
N-66/MP/010	D-1034/MP/003
N-66/MP/011	D-1034/MP/004
N-66/MP/012	D-1034/MP/005
N-66/MP/013	D-1034/MP/006
N-66/MP/014	D-1034/MP/007
N-66/MP/015	D-1034/MP/008
N-66/MP/016	D-1034/MP/009
	D-1034/MP/010
	D-1034/MP/011
	D-1034/MP/012