

# NxGold & Mega Uranium Propose NxGold Change of Business to Uranium-Focused Investment Issuer and Portfolio Acquisition from Mega Uranium

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Vancouver, December 2, 2019 - [NxGold Ltd.](#) (TSXV: NXN) ("NxGold" or the "Company") and [Mega Uranium Ltd.](#) (TSX: MGA) ("Mega") are pleased to announce that, on December 1, 2019, they executed an arm's length binding term sheet (the "Term Sheet") which sets out the principal terms upon which it is proposed that NxGold will effect a change of business from a Tier 2 Mining Issuer to a Tier 2 uranium-focused Investment Issuer (the "COB") and acquire a portfolio of securities (the "Investment Portfolio") from Mega for approximately \$10.865 million, payable in shares of NxGold (the "Transaction").

Completion of the Transaction is subject to numerous conditions (discussed further below), including the approvals of the TSX Venture Exchange (the "TSXV"), the Toronto Stock Exchange (the "TSX") in respect of certain matters regarding Mega and the shareholders of NxGold.

## Trading Halt

Trading in the Company's Common Shares has been halted effective December 2, 2019 and will remain halted until the applicable requirements of the TSXV have been met.

## Transaction Rationale

The Board of Directors of the Company have determined that the Company's working capital would be best utilized within the framework of a uranium-focused investment company.

Chris McFadden, President and CEO of NxGold, commented: "Today's announcement represents the first step in creating the premier, publicly-traded investment company focused exclusively on the junior uranium sector. The sector has been in a structural bear market since the accident at the Fukushima Daiichi reactor in early 2011 but is now poised for recovery. UEQ, led by financial and uranium industry veterans, will provide investors a new and unique way to achieve diversified exposure to the junior uranium sector which is currently sorely missing."

Leigh Curyer, Chairman and a director of NxGold, added: "I emphatically support this change in direction for NxGold and look forward to continuing to play an active role in the future of UEQ. I believe the team involved in UEQ is uniquely positioned to execute on this business plan given its background in fund management and of building among the most successful companies in the sector."

Mega has accumulated a portfolio of uranium-focused securities, which it acquired over time as consideration for sales of certain of its mineral properties and as discretionary investment opportunities. The securities represented a way to generate value through less capital-intensive exposure to the uranium industry over the course of its slow-down. Mega believes that the timing for a uranium-focused investment vehicle is opportune and the Transaction represents a way to unlock additional value for the portfolio.

Richard Patricio, President and CEO of Mega and director of NxGold also commented: "Mega is excited to be the founder and cornerstone investor in UEQ. Our extensive history in the sector has included many acquisitions, divestitures and new company creation, UEQ fits well within our mandate. As manager of UEQ we look forward to surfacing significant value for our shareholders far beyond what is being attributed in the

market today."

## The Transaction

It is proposed that the Company undergo the COB and acquire the Investment Portfolio from Mega for an aggregate purchase price of \$10,865,218 (the "Purchase Price"). The Investment Portfolio will be comprised of: (a) 300,000,000 ordinary shares of Toro Energy Limited; (b) 2,854,167 common shares of [Uranium Royalty Corp.](#) ("URC"); and (c) 30,000,000 common shares of Mega to be issued from treasury to NxGold, representing approximately 8.4% of the common shares of Mega currently outstanding. Toro Energy and Mega are public companies, whose shares are listed on the Australian Stock Exchange and the Toronto Stock Exchange, respectively. URC is expected to complete its initial public offering in early December, at which time it is anticipated that its shares will be listed on the TSXV.

The inclusion of the URC common shares in the Investment Portfolio is conditional upon obtaining a third party consent. Additionally, the number of securities comprising the Investment Portfolio may be reduced to satisfy the Maximum Equity Condition (as defined below under "Financing, Name Change & Share Consolidation").

The Purchase Price may be adjusted (the "Purchase Price Adjustment") prior to completion of the Transaction if: (a) the number of securities comprising the Investment Portfolio are reduced (in the circumstances noted above); or (b) the aggregate market value of the Investment Portfolio increases or decreases by more than 10% immediately prior to closing of the Transaction but subject to minimum and maximum adjustments.

The Purchase Price will be payable through the issuance by NxGold of an aggregate of 217,304,369 common shares to Mega, at an effective price of \$0.05 per common share, subject to adjustment in the number of shares in the event of a Purchase Price Adjustment.

Upon completion of the Transaction, it is proposed that Mega will manage the Company's day-to-day operations under a management services agreement (subject to continued supervision by the directors), which responsibilities will include managing the Company's business and assets and providing administrative services and facilities. Mega will also have the right to appoint a nominee to the Company's board of directors. Philip (Phil) Williams will succeed Chris McFadden as the Company's Chief Executive Officer. Details of all Principals and insiders of the Company upon completion of the Transaction will be provided in subsequent public announcements.

Mr. Williams brings more than 15 years of mining and finance industry experience, including roles in corporate development, as a sell-side research analyst, and most recently as managing director of investment banking focused on the metals and mining sector and as co-founder and CEO of [Uranium Royalty Corp.](#) In each of these roles, he focused a significant amount of time on the uranium industry. As a research analyst at Westwind Partners, Mr. Williams worked with a team that covered a range of commodities including precious and base metals, diamonds and uranium. In late 2008, he joined Pinetree Capital Ltd., a natural resource focused investment company, in the role of VP Business Development. During his time there, he was responsible for analyzing and monitoring a significant uranium investment portfolio and was also appointed to the board of directors of several investee companies. In 2012, he joined Dundee Capital Markets (now Eight Capital) in the investment banking group. As a Managing Director, he successfully completed equity financings across a wide range of commodities, including uranium, and was a named advisor on multiple M&A transactions. As CEO of [Uranium Royalty Corp.](#) from inception until October 2019, Mr. Williams oversaw multiple royalty acquisitions and the strategic investment in [Yellow Cake Plc](#) Mr. Williams is a Chartered Financial Analyst and holds a Bachelor of Commerce Degree.

## Financing, Name Change and Share Consolidation

Concurrently with the Transaction and as a condition to its closing, it is also proposed that the Company will undertake additional investments (for share consideration) and/or a private placement financing (the "Financing"), such that upon completion of the Transaction and the Financing, Mega will hold less than 50% of the outstanding common shares of the Company (the "Maximum Equity Condition"). The Company would also propose to consolidate its common shares and change its name to "Uranium Equities Capital Corp." ("UEQ"), or such other name as designated by Mega. The TSXV will assign a new trading symbol at the time

of the formal name change.

The COB is an "arm's length transaction" for the purposes of the TSXV and is subject to the approval of the TSXV. The Company will be applying to the TSXV for a waiver of its sponsorship and escrow requirements.

#### Conditions

Completion of the Transaction is subject to a number of conditions, including satisfactory due diligence by both parties, Mega and NxGold entering into a definitive agreement and a management services agreement, completion of the Financing or satisfaction of the Maximum Equity Condition otherwise, TSXV acceptance and if applicable, disinterested shareholder approval, and TSX approval of the listing of the common shares of Mega comprising part of the Investment Portfolio. Where applicable, the Transaction cannot close until the required shareholder approval is obtained. It is anticipated that if the parties enter into a definitive agreement concerning the Transaction, the Company will call a meeting of its shareholders to consider and approve the requisite matters, details of which will be provided at a later date.

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 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 NxGold should be considered highly speculative. The TSXV has in no way passed upon the merits of the Transaction and has neither approved nor disapproved the contents of this press release.

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Neither TSXV nor its Regulation Services Provider (as that term is defined in the policies of the TSXV) accepts responsibility for the adequacy or accuracy of this release.

#### Forward-Looking Statements

Certain statements contained in this news release constitute forward-looking statements within the meaning of Canadian securities legislation. All statements included herein, other than statements of historical fact, are forward-looking statements and include, without limitation, statements about the completion of the Transaction upon the proposed terms and the business, results and performance of the Company and Mega thereafter, and the expectations of the parties regarding the uranium industry and the creation of value for shareholders of both entities. Often, but not always, these forward looking statements can be identified by the use of words such as "estimate", "estimates", "estimated", "potential", "open", "future", "assumed", "projected", "used", "detailed", "has been", "gain", "upgraded", "offset", "limited", "contained", "reflecting", "containing", "remaining", "to be", "periodically", or statements that events, "could" or "should" occur or be achieved and similar expressions, including negative variations. Forward-looking Statements involve known and unknown risks, uncertainties and other factors which may cause the actual results, performance or achievements of the Company or Mega to be materially different from any results, performance or achievements expressed or implied by forward-looking statements. Such uncertainties and factors include, among others, obtaining the requisite regulatory and shareholder approvals and otherwise satisfying the conditions required to complete the Transaction; changes in general economic conditions and financial and commodity markets and the uncertainty associated with the uranium industry in particular; the Company or any joint venture partner not having the financial ability to meet its exploration, development or investment goals; risks associated with investments in companies conducting such activities over which the Company

has no control, the results of exploration and development activities, estimation of mineral resources and the geology, grade and continuity of mineral deposits; unanticipated costs and expenses; and such other risks detailed from time to time in the Company's or Mega's quarterly and annual filings with securities regulators and available under their profiles on SEDAR at [www.sedar.com](http://www.sedar.com). Although the Company and Mega have attempted to identify important factors that could cause actual actions, events or results to differ materially from those described in forward-looking statements, there may be other factors that cause actions, events or results to differ from those anticipated, estimated or intended. Forward-looking statements contained herein are based on the assumptions, beliefs, expectations and opinions of management, including but not limited to: expectations regarding whether the approvals for the Transaction will be obtained; that the Company will identify and acquire suitable investments for the Company; that the Company's stated goals and planned exploration and development activities will be achieved; that there will be no material adverse change affecting the Company or its properties; and such other assumptions as set out herein. Forward-looking statements are made as of the date hereof and the Company and Mega disclaim any obligation to update any forward-looking statements, whether as a result of new information, future events or results or otherwise, except as required by law. There can be no assurance that forward-looking statements will prove to be accurate, as actual results and future events could differ materially from those anticipated in such statements. Accordingly, investors should not place undue reliance on forward-looking statements.

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