

XAU Resources Inc. Announces Changes in Accordance with New CPC Policy and Reinstatement to Trade on the TSX-V

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Toronto, June 3, 2021 - [XAU Resources Inc.](#) (TSXV: GIG.P) (the "Corporation") is pleased to announce its intention to implement (subject to shareholder approval) certain amendments to avail itself of changes arising from the TSX Venture Exchange's amended Policy 2.4 - Capital Pool Companies that came into effect on January 1, 2021 (the "New CPC Policy").

Under the New CPC Policy, an existing Capital Pool Company ("CPC") can implement some changes under the New CPC Policy without shareholder approval (see "Other Changes", below), but certain changes require specific disinterested shareholder approval. Further to this, the Corporation will be seeking such approval at its upcoming annual general meeting of shareholders scheduled to be held on June 29, 2021 (the "Meeting"), for the following matters: (i) to amend the Corporation's Stock Option Plan to become a "10% rolling" plan prior to the Corporation completing a Qualifying Transaction; (ii) to remove the consequences of failing to complete a Qualifying Transaction within 24 months of the date the Corporation's Common Shares became listed on the TSX Venture Exchange (the "TSXV"); and (iii) to enter into a new escrow agreement in the form adopted by the for CPCs on January 1, 2020 to supersede the Corporation's existing escrow agreement.

The proposed amendments are described in further detail below.

Amendments to the Option Plan

The New CPC Policy permits the Corporation to adopt a "10% rolling stock option plan", such that the total number of Common Shares that may be reserved for issuance pursuant to options under the Plan may not exceed 10% of the Common Shares issued and outstanding at the date of grant. The Corporation has adopted an incentive stock option plan (the "Current Plan") that allows the Corporation to issue options to purchase up to 10% of the Corporation's issued and outstanding Common Shares as at the closing of the Corporation's initial public offering ("IPO") pursuant to the version of Policy 2.4 that existed prior to January 1, 2021 (the "Former Policy").

At the Meeting, the Corporation will seek the approval from disinterested shareholders to adopt a new stock option plan that differs from the Current Plan only in respect to the terms relating to the New CPC Policy.

Removal of the Consequences of Failing to Complete a Qualifying Transaction within 24 Months of Listing

Under the Former Policy, there were certain consequences if a Qualifying Transaction is not completed within 24 months of the date the Corporation's Common Shares became listed on the TSXV. These consequences include a potential for Shares to be delisted or suspended, or, subject to the approval of the majority of the Corporation's shareholders, transferring Shares to list on the NEX and cancelling certain seed shares. Under the New CPC Policy, these consequences will be removed provided the Corporation obtains disinterested shareholder approval to do so.

At the Meeting, the Corporation will seek the approval from disinterested shareholders to approve the removal of such consequences.

Amendments to the Escrow Agreement

In compliance with the Former Policy, the Corporation has entered into an escrow agreement with certain of its shareholders and with TSX Trust Company pursuant to which 10% of the escrowed shares will be released from escrow on the issuance by the TSXV of a final bulletin in respect of the Corporation's Qualifying Transaction (the "Initial Release") and an additional 15% will be released on the dates 6 months, 12 months, 18 months, 24 months, 30 months and 36 months following the Initial Release. The escrow agreement also provides that all shares acquired on exercise of stock options prior to the completion of a Qualifying Transaction must also be deposited in escrow and will be subject to escrow until the Qualifying

Transaction is completed.

Under the New CPC Policy, the Corporation's escrowed securities would be subject to a different escrow release schedule whereby 25% of the escrowed securities would be released from escrow on the Initial Release and 25% of the escrowed securities would be released from escrow on each of the 6, 12 and 18 months following such date. The New CPC Policy also provides that (i) all options granted prior to the date the TSXV issues a final bulletin for the Corporation's Qualifying Transaction and all Common Shares that were issued upon exercise of such options prior to such date will be released from escrow on such date, other than options that (a) were granted prior to the Corporation's IPO with an exercise price that is less than the issue price of the Common Shares issued in the IPO and (b) any Common Shares that were issued pursuant to the exercise of such options, which will be released from escrow in accordance with the schedule set out above.

The TSXV has adopted a new form of escrow agreement for CPCs on January 1, 2021 (the "New Escrow Agreement") that reflects the policies of the New CPC Policy.

At the Meeting, the Corporation will seek the approval from disinterested shareholders to enter into a new escrow agreement in the same form as the New Escrow Agreement to amend, replace and supersede the Corporation's current escrow agreement.

Other Changes

Under the New CPC Policy, the Corporation is permitted to implement certain changes from the Former Policy without obtaining shareholder approval including, but not limited to: (i) increasing the maximum aggregate gross proceeds to the treasury that the Corporation can raise from the issuance of shares under an IPO, as seed shares and by private placement to the new maximum of \$10,000,000, rather than \$5,000,000 which was the limit under the Former Policy; (ii) removing the restriction which provided that no more than the lesser of 30% of the gross proceeds from the sale of securities issued by the Corporation and \$210,000 may be used for purposes other than identifying and evaluating assets or businesses and obtaining shareholder approval for a proposed Qualifying Transaction, and implementing the restrictions on the permitted use of proceeds and prohibited payments under the New CPC Policy, under which reasonable general and administrative expenses not exceeding \$3,000 per month are permitted; (iii) removing the restriction on the Corporation issuing new agent's options in connection with a private placement; and (iv) removing the restriction such that now one person has the ability to act as the chief executive officer, chief financial officer and corporate secretary of the Corporation at the same time. The Corporation intends to avail itself of the foregoing if, as and when applicable.

Reinstatement to Trade on the TSXV

A cease trade order was issued by the Ontario Securities Commission on April 8, 2021 against the Corporation which is now revoked and the TSXV will reinstate trading at market open on June 4, 2021.

CAUTIONARY STATEMENT REGARDING FORWARD-LOOKING INFORMATION

This press release includes certain "forward-looking statements" under applicable Canadian securities legislation. Forward-looking statements include, but are not limited to, statements with respect to the future business and operations of the Corporation. Forward-looking statements are necessarily based upon a number of estimates and assumptions that, while considered reasonable, are subject to known and unknown risks, uncertainties, and other factors which may cause the actual results and future events to differ materially from those expressed or implied by such forward-looking statements. Such factors include, but are not limited to: general business, economic, competitive, political and social uncertainties; and the delay or failure to receive applicable Board, shareholder or regulatory approvals. There can be no assurance that such statements will prove to be accurate, as actual results and future events could differ materially from those anticipated in such statements. These forward-looking statements are made as of the date hereof and the Corporation disclaims any intent or obligation to update publicly any forward-looking statements, whether as a result of new information, future events or results or otherwise, except as required by applicable securities laws.

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

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