

# Gold X Mining Corp.

Gold in Guyana –  
Racing to Production

## Investment Case

**Rarely do you come across a junior mining company with such a strong combination of attributes. Gold X Mining has one of the top entrepreneurial management teams in the industry and its advanced-stage Toroparu gold project has strong economics and ranks amongst the largest undeveloped gold deposits in the Americas. In addition, the company is supported by strong cornerstone investors. Meanwhile, it appears significantly undervalued relative to its peers and could be a takeover target for both mid and top tier gold companies.**

- Gold X Mining (TSX: GLDX) is a junior gold mining company based in Canada with an exciting advanced gold development project in Guyana that ranks amongst the largest undeveloped gold resources in the Americas.
- A recently re-scoped study on the Toroparu gold project suggests a robust mine plan with strong profitability and returns. At a gold price of US\$1,500/oz the mine has an NPV5% of US\$760 million, an IRR of 28% and a payback of just over 2 years.
- The projects primary permits are in place and mine plan estimates average production of 188koz of gold per year over a 24-year mine life at an all-in sustaining cost of US\$780/oz.
- Gold X Mining was transformed in late 2019 with the addition of Bassam Moubarak as CFO and Director and Paul Matysek as a strategic advisor. It also exercised the option to acquire 100% interest in the Toroparu project.
- As of April 1, 2020, Paul Matysek joined the company as CEO, Chairman and Director. In July, Robert Friedland became the Non-Executive Chairman of the company, an enormous endorsement of management and the project's credentials. Management is now fully focused on completing the necessary work to fast-track the project to full feasibility and a production decision.
- The management team and directors are highly regarded and bring a wealth of experience in the industry and achievement of successful prior transactions. This is a group that has created billions of dollars of value for shareholders in at least 10 public companies.
- A further strength of Gold X Mining is its committed shareholder base which continues to provide financial and management support. These shareholders along with management and insiders now hold 49.7% of the outstanding shares.
- This advanced stage project is 100% owned by Gold X. Project resources include 7.535 M-oz of Measured and Indicated Gold contained in 252.6 M-tons of rock at an average grade of 0.91 g/t, 3.15 M-oz of Inferred Gold contained in 128.9 M-tons Rock at an average grade of 0.76 g/t, plus 6.28 M-oz of Measured and Indicated Silver at an average grade of 0.81 g/t plus 444 M-lbs of Copper at an average grade of 0.08% contained in 240 M-tons of rock. The Toroparu deposit remains open along strike to the northwest and at depth. Potential to expand the resources exists with additional drilling targeting these areas planned for this year.
- Gold X Mining appears significantly undervalued relative to its peers based on several absolute and relative valuation measures offering significant potential upside to new shareholders. It also has the potential to become a takeover target to both mid and large tier precious metal companies.

## Introduction & Brief History

**Gold X Mining is a Canadian mining company developing the Toroparu gold project in Guyana, South America. This project is at an advanced stage, and with 7.35 Moz of measured and indicated gold resource as well as 3.15 Moz of inferred resource, it is one of the largest undeveloped gold resources in the Americas.**

Gold X Mining (formerly Sandspring Resources) acquired the Toroparu prospect in 2009 and then in the following years undertook an extensive 202,000 metre drill program to outline the gold resource. To date, more than US\$150 million has been invested in this project to discover, develop, and classify its gold resources and complete engineering studies required to develop an open pit mining operation. It completed an updated re-scoped PEA feasibility study in June 2019<sup>1</sup>.

The company has acquired two key cornerstone investors over the last several years creating its financial partnership team. The first was Wheaton Precious Metals which signed an initial streaming contract in 2013 and has remained a strong partner since then, and Gran Colombia Gold joined in 2018.

New energy and momentum were injected into the company following the positive outcome of the July 2019 PEA on Toroparu. The company changed its name to Gold X Mining in November 2019, brought in a top-rated management team that includes Paul Matysek, and Bassam Moubarak, who have

collectively created \$3.14 billion of dollars of shareholder value developing and selling mining companies in the past 13 years.

In December 2019, Gold X placed Secured Convertible Debentures of US\$20 million to exercise the company's option to purchase outright control of the Toroparu property by buying the Guyanese partner's interest. This was achieved through continuing support of its financial partners including US\$10 million from Wheaton Precious Metals and US\$5 million from Gran Colombia Gold. In July 2020, the entire amount of the Debentures was converted to equity at \$3.20 per share.

In June 2020, another major endorsement of the company was made when Robert Friedland joined the Board of Directors as Non-Executive Chairman. For more than 25 years, Robert Friedland has been recognized as one of the leading entrepreneurial explorers, technology innovators and company builders in the mineral resource sector.

Gold X Mining is fully funded to fast track a Full Feasibility Study and complete licensing work in advance of a production decision for the project. This work has started and is expected to include a further drill program later this year.

As of July 2020, the company has cash of \$4.7 million and expects up to \$59 million dollars further cash from the potential exercise of warrants, the majority of which are already in the money.



## Location and Geology

**Toroparu is located on the highly prospective and underexplored Guiana Shield, a gold district with the potential for the discovery of many large-scale gold deposits. The exploration potential of Gold X Upper Puruni Concession (53 km<sup>2</sup>) which hosts the Toroparu Gold Deposit is significant.**

The Toroparu deposit is located in north-western Guyana, South America. Toroparu can be accessed by air and by road. This is a one-hour flight (220 km) from Ogle Airport in Georgetown, the capital city of Guyana, and approximately 12 to 16 hours travel time overland by road in the dry seasons.



Toroparu is located within the prolific Guiana Shield, a geologic province that spans from Brazil in the East to Venezuela in the West and is host to many major multi-million-ounce gold deposits. The granite-greenstone gold belt of the Guiana Shield is analogous to the Birimian greenstone belts of the West African Shield, with which it shares a common geological history.

There has been very little systematic exploration conducted over this vast region as noted by the CEO of Barrick recently "The

Guiana Shield is a significantly underexplored region and is one of the most prospective in the world for large scale gold discoveries".

The regional geology consists primarily of alternating volcano-sedimentary belts (greenstones) that are intruded by large granitoid batholiths with mineralization hosted within several large-scale shear zones that extend over hundreds of kilometres in a northwest-southwest direction across the shield.

The Toroparu mineralization currently extends over a strike distance of 3.7 km long and 200-400m wide and consists of a low-grade gold mineralized envelope surrounding lenses of higher-grade gold. It has currently been identified to a depth of 400m but remains open at depth. Copper and Silver mineralisation are also present.

The Toroparu resource remains open along strike to the northwest and at depth. Opportunities to provide further upside to the Toroparu project from drilling include both upgrading existing Inferred resources and exploration for additional resources along strike and deeper of existing mineralization. Several gold anomalies provide proximal satellite deposit target areas within Gold X 53,800-hectare mineral concession.

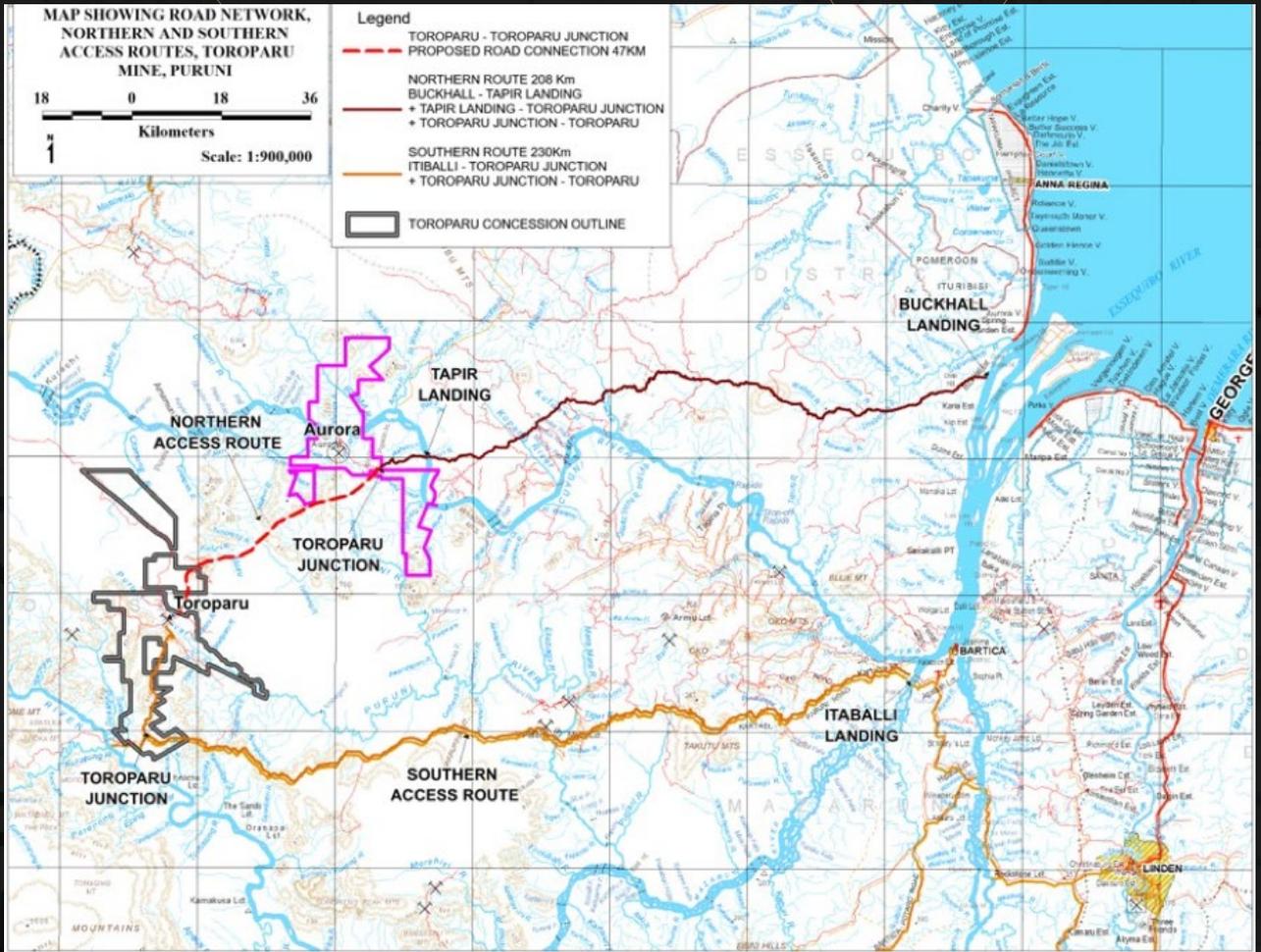
Gold X Mining is developing a second access route to tidewater which will be used as the primary route for construction and mining operations. This access, known as the Northern Access Route, consist of a 52 km newly built access road from Toroparu will be built to intersect the existing Aurora to Buckhall- access road extending the 52 km of newly constructed an additional 136 km to Tidewater at Buckhall Landing o the Essiquibo River. This access has been determined to be less capital intensive with a lower cost to maintain than the existing 240 km Southern Access Route that has been used to service Toroparu operations since 2003



## LOCATION AND GEOLOGY 36

Kilometers

Scale: 1:900,000



## The Toroparu Resource

**This advanced stage development project has a resource of 7.35Moz gold as well as recoverable silver and copper in the measured and indicated category as well as 3.15 Moz gold in the Inferred category.**

Gold X Mining completed multiple programs of exploration drilling and in-fill drilling at Toroparu from 2008 through 2012, and three periods of drilling and in-fill drilling at Sona Hill from 2015 through 2018, for a total of 202,500 meters of resource specific drilling in 675 diamond drill holes.

Site infrastructure includes 120-person man-camp, night certified air strip, and heavy equipment maintenance and administration buildings, which will support the early phases of construction at site.

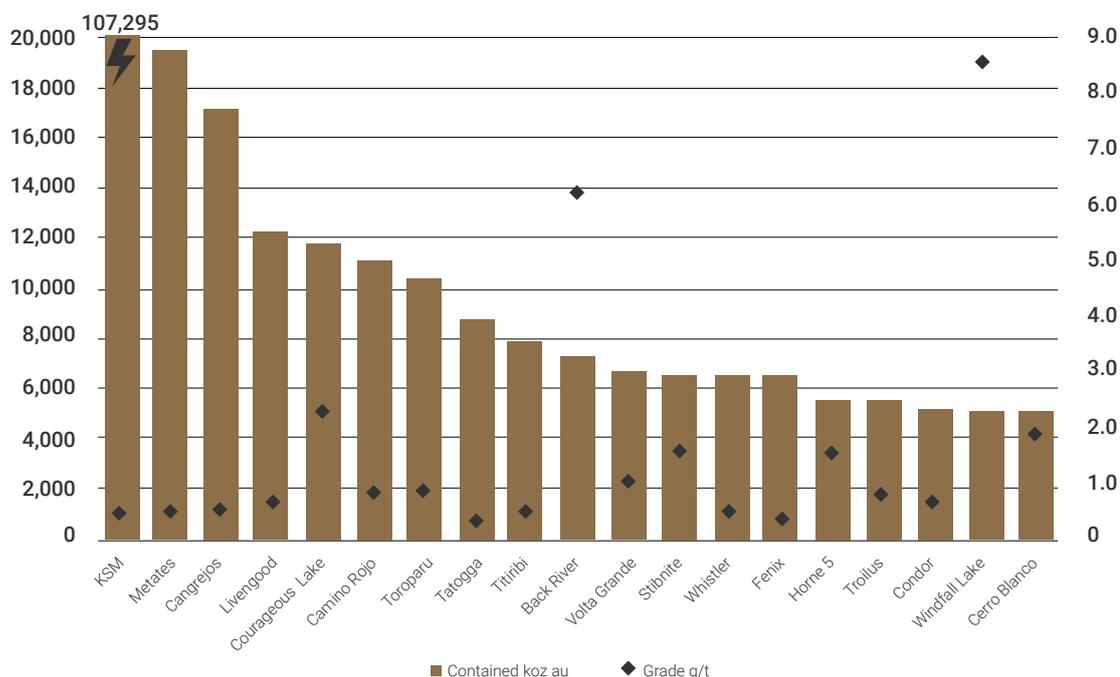
The gold mineralization consists of 253 Mt Measured and Indicated Resource containing 7.35 Moz of gold at an average grade of 0.91

g/t and 129 Mt Inferred Resource containing 3.15 Moz at an average grade of 0.76 g/t. The resource also contains over 6.5 Moz of silver and 548 Mlbs of copper.

The resources are contained in three open pits being the Toroparu Main deposit (Main Zone), the Southeast satellite deposit (SE Zone) and the Sona Hill satellite deposit (Sona Hill). The Mineral Resource Estimate was completed by SRK, Denver, Colorado in September 2018 and was carried out in accordance with Canadian NI 43-101 regulations and Canadian Institute of Mining, Metallurgy and Petroleum standards.

This is a significant gold resource and ranks Toroparu as a major and significant gold deposit. The chart above shows the largest undeveloped gold project in the Americas owned by junior gold companies with resources greater than 5.0 Moz.

LARGEST GOLD PROJECTS IN THE AMERICAS OWNED BY DEVELOPMENT COMPANIES



# A Mine in the Making

**The most recent PEA study suggests a mine producing 188koz/year of gold over a mine life of 24 years at an all-in sustaining cost of US\$780/oz.**

The most recent Technical Report published for Toroparu, the June 2019 Preliminary Economic Assessment (PEA), combines information from all prior studies for Toroparu into a revised mine schedule and operating plan. It envisages a two-phased development plan based on starting at half capacity to process near surface higher grade gold from all three open-pits.

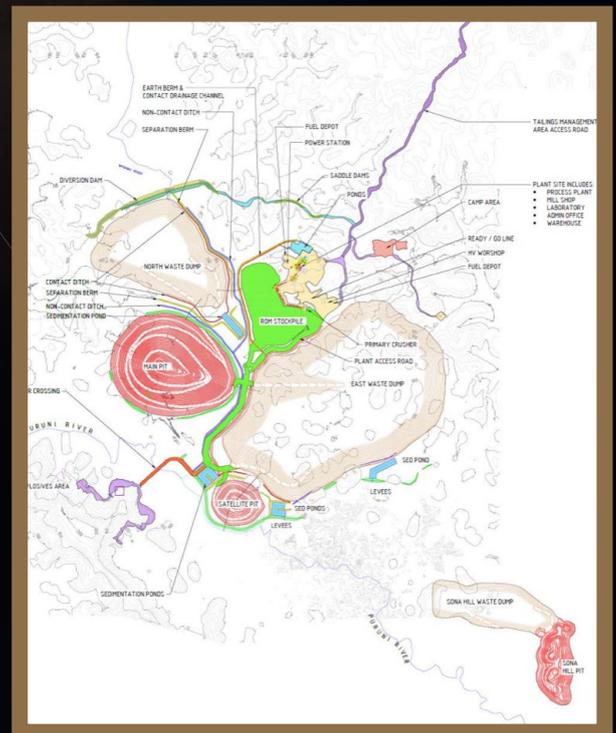
The economic model estimated 4.52 Moz of gold production over a 24-year mine life. The mine would also produce silver and copper. This is equivalent to an average production rate of 188,000 oz/year gold from an 11.5kt/d Carbon in Leach (CIL) plant over the first 11 years. The mine would then expand to 23 kt/d with parallel CIL Leach & Gravity-Float-Leach circuits in year 11.

The importance of a two-stage development plan is that it keeps the initial capital expenditure lower to make it easier to finance and get the mine up and running. It then allows the expansion to be financed through ongoing cashflow.

Some 80% of the gold produced, (3.6 Moz), is expected to be produced as doré bars and transported off-site by air to refiners in Canada or Europe, with the balance of 20% contained in copper concentrates to be shipped in containers to smelters in Europe or Asia.

The initial capital cost is estimated at US\$378 million with expansion capex of US\$232 million. After accounting for Wheaton Precious Metals International early deposits financing of pre-production capex is \$272 million. Cash costs are forecast at US\$541/oz and all-in sustainable costs (AISC) at US\$780/oz.

Earlier this year, Gold X Mining's largest shareholder, Gran Colombia, contemplated the potential to combine Toroparu with Guyana Goldfield's Aurora mine which is 58 km to the north east. The Aurora mine has spare mill capacity and if an agreement had been reached to utilize Aurora's leach processing facility it would remove the need to build a new mill at Toroparu. This would significantly reduce the required capex and the projects timeline to first production would be rapidly accelerated. The offer was rejected by Guyana Goldfields' board and they ultimately agreed to a friendly deal with Zijin Mining for a price that was two times the Gran Colombia offer price.



Plan of proposed mine at Toroparu

## FAST TRACKING TO PRODUCTION

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This advanced stage project has its key permits in place and is in the process of finalising its Mining License.

The Environmental Authorization for the Toroparu Project was issued by the Guyana EPA in 2012 and renewed by the EPA in August of 2019. Both the Environmental Authorization and Mining License applications are being amended to include the Sona Hill satellite deposit and Northern Access Route to Toroparu.

Following the completion of the environmental authorization to proceed, and after finalising a mineral development agreement with the Guyana government, the last step required for the issue of the 'Mining License to Operate' for

the Toroparu project is the transfer of the title to the mining permits. The licensing process has now entered the final stage of regulatory review of all documentation under the updated Mining License Application submitted in October 2019.

Generally, the final permitting review phase can be expected to take six to nine months to complete, although could be extended due to the COVID-19 pandemic.

Gold X Mining is currently conducting a review of historical data and studies to optimize the project in anticipation of further drilling later this year and conducting a final feasibility study to bring it to a production go-ahead decision.

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## WHEATON FINANCING AGREEMENT

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As a result of the 2013 agreement with Wheaton Precious Metals, Wheaton can elect to pay Gold X Mining incremental up-front cash payments totalling US\$148.5 million for 10% of the payable gold production from the Toroparu project, at the lesser of the market price and US\$400/oz of gold delivered to Wheaton over the life of the project. The agreement was amended in 2015 to also include a silver stream. Gold X Mining has so far received upfront payments of US\$15.5 million, which is being used primarily for advancement of the final feasibility study for Toroparu.

Under the terms of the agreement, upon receipt of the final feasibility study Wheaton can elect to proceed and make payments

(in amounts to be agreed upon by the Gold X Mining and Wheaton) to help finance the construction of the Toroparu project, or Wheaton can elect to terminate the agreement.

If Wheaton proceeds, it will provide US\$106m of finance towards the initial capex requirements, reducing the external financing from debt and equity to just US\$272 million. This would make the financing of the mine construction that much easier.

# Project Economics

## The Toroparu project PEA suggests a robust mine with strong profitability and returns.

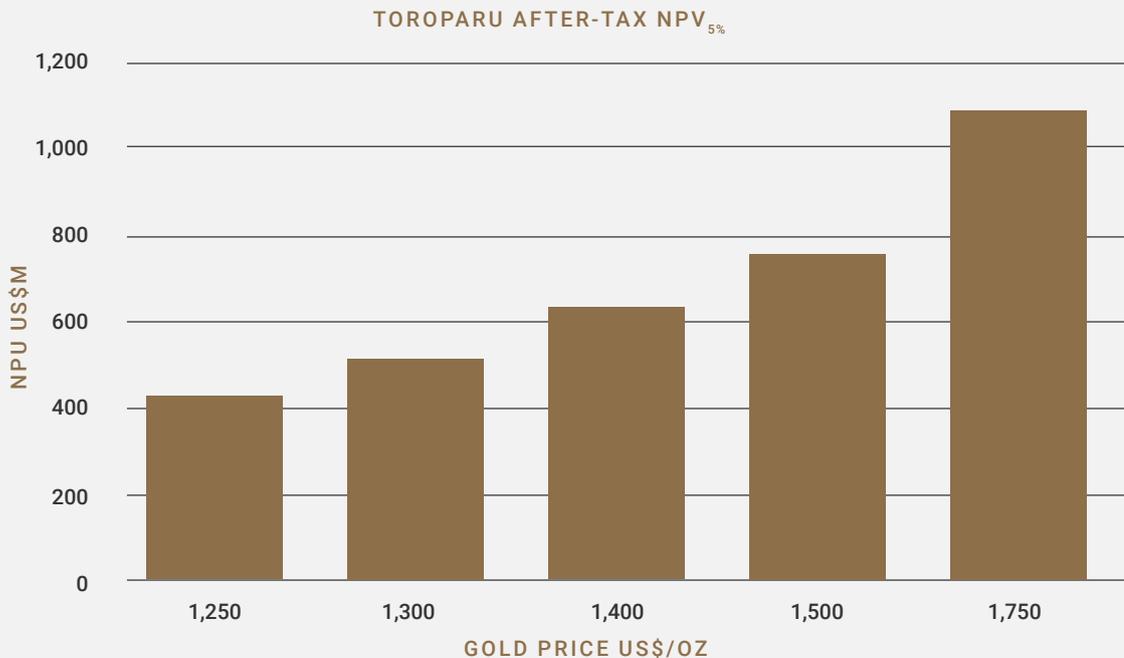
The PEA study projects a mine with a post-tax Net Present Value (NPV) of US\$495 million with an internal rate of return (IRR) of over 20% using a 5% discount rate and a US\$1,300/oz gold price. These metrics include the impact of the Wheaton Precious Metals precious metals purchase agreement.

However, the price of gold is one of the largest factors in determining the revenues and cash flow and at higher gold prices the NPV increases significantly. With the gold price recently trading above US\$1,800/oz, it is worth

looking at the economics of Toroparu with a higher gold price than used in the PEA.

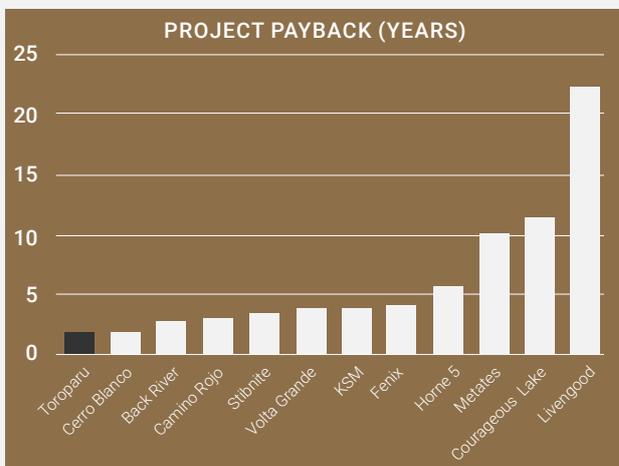
Using a gold price of US\$1,500/oz, the project has an NPV5% of US\$760 million with an impressive IRR of 28%, and payback of just 2 years and at US\$1,750/oz the NPV 5% increases to US\$1,087 million, the IRR to 36%, and the payback to 1.7 years.

When compared to its peers, the economics of Toroparu also look attractive<sup>3</sup>. The charts below show the project payback period and IRR of the largest gold projects in the Americas, with resources greater than 5.0 Moz, using public market data. Toroparu ranks highly on a number of metrics.

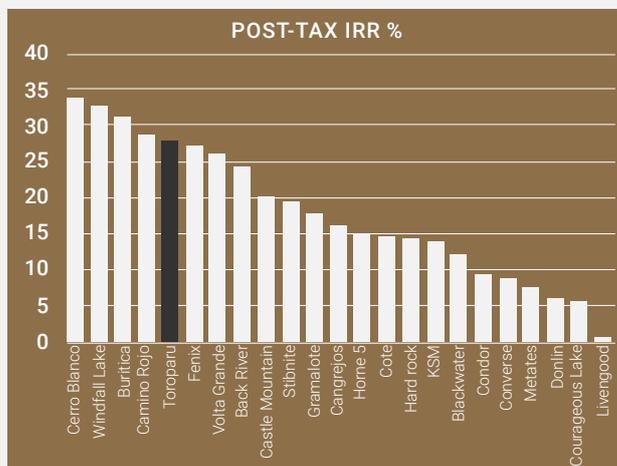


## PROJECT ECONOMICS

The positive economic characteristics of the Toroparu project can also be seen in the relatively low levels of initial capital intensity (US\$/oz) and low cash costs of the proposed operation. These are important factors in determining the profitability of a mine and are shown relative to its peers in the charts below.



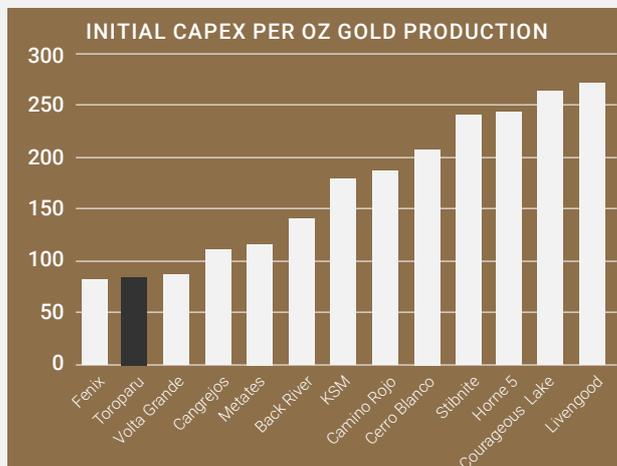
Source: S&P Global & company data<sup>1</sup>



A project with high initial capex can sometimes find it difficult to raise capital. Toroparu has a relatively low level of initial capex and should not expect to encounter financing difficulties, especially with the support of its cornerstone investors.



Source: S&P Global & company data



<sup>1</sup> Toroparu is based on data from Gold X Mining at US\$1,500/oz gold, not from the NI-4301. Peers data is taken from NI-4301 project report base cases with gold prices ranging from US\$1,150/oz to US\$1,400/oz.

## Valuation Comparison

**Gold X Mining appears significantly undervalued relative to its peers based on a number of absolute and relative valuation measures.**

We have already shown that analysis of the economic assessment of any advanced development project is important to determine the robustness of the project and to assess its likely viability and future profitability. The Toroparu project has been shown to have strong economics.

### PRICE TO NPV

However, this economic assessment is usually not fully reflected in any company's valuation because the project usually still needs further work to get to a production decision and requires the company to raise capital to develop the project. A crude benchmark is that junior gold companies trade at around 0.4-0.5x NPV, although this can vary with several factors including the gold price. The universe of development company peers for Gold X Mining shown in the chart currently trades at a weighted average of 0.36x P/NPV.

On the benchmark basis and using the NPV5% of Toroparu at US\$1,500/oz gold, Gold X Mining should have a current Enterprise Value (EV) of around US\$336 million, compared to its current EV of US\$122 million, a multiple of nearly 2.8x higher<sup>4</sup>.

### EV/OZ OF GOLD RESOURCE

Another valuation method often used to value and compare development projects is the Enterprise Value (EV) per oz of gold resource (measured, indicated, and inferred). The table below shows 17 development companies with advanced stage gold projects in the Americas. Gold X Mining is again undervalued relative to its peers.



Gold X Mining is trading at around US\$12/oz compared with an average of around US\$27/oz and suggests that Gold X Mining could trade at an EV of some US\$287 million, a multiple of nearly 2.4x higher<sup>4</sup>.

The EV of these companies have been calculated on a shares outstanding basis with share prices as of 17 July 2020 on the Toronto Stock Exchange<sup>4</sup>.

<sup>2</sup> Gold X Mining EV calculated on shares outstanding and net debt post retirement of Debentures 17 July 2020.

## TAKEOVER VALUE

Finally, it is worth considering how Gold X Mining might be valued in a takeover situation.

It is worth noting that in June 2020, Guyana Goldfields (TSX: GUY) entered into an agreed takeover proposal from Zijin Mining Group (SSE: 601899) to acquire the company for C\$323m. Guyana Goldfields operates the Aurora gold mine and nearby Sulphur Rose project, located just 58 km northeast of Toroparu. The Zijin Mining bid replaced an earlier accepted bid from Silvercorp Metals (TSX: SVM) and a rejected bid by Gran Colombia (TSX: GCM), Gold X Mining's largest shareholder.

The Aurora mine has operated since 2015 as an open pit with a 7,500 t/d CIL mill. The mine produced 126,500 oz of gold in 2019 at an AISC of US\$1,490. The company has some 5.9 Moz of gold resources (reserves, measured and indicated, and inferred). For this deal, the takeover is being done at about US\$39/oz of MI&I resource.

Historic analysis of the past ten years of gold transactions shows that gold asset acquisitions usually occur in the range of US\$45-65/oz of resource, again depending on a number of factors including the development stage of the asset, the geographic location, the type of transaction, and the gold price.

The reasons that the Guyana Goldfields deal is below this range may include the facts that the open pit resources have been nearly depleted, most of the resources are underground and that the AISC is high. Furthermore, whilst it is an operating asset, the company has insufficient funds for the stripping of the next phase of the open pit and underground development for 2020 and the mine is due to go into care and maintenance in the second half of 2020. It requires capex of US\$141 million to complete development of the underground operations.

One potential low capex alternative for the development of Toroparu could be to

construct the 58km road to the Aurora mine and utilise its spare capacity to treat some of the ore [all is not possible] from Toroparu. This could be done by mutual arrangement or by the combination of the assets in a takeover scenario. It is worth noting that the failed bid by Gran Colombia for Guyana Goldfields, also included the takeover of Gold X Mining as part of the deal.

## CONCLUSION

Based on commonly used valuation methods, Gold X Mining is significantly undervalued relative to its peers and could potentially command an even higher premium if it was considered to be a takeover target.,



# Shareholder Base & Share Structure

**One of the strengths of Gold X Mining is its strong shareholder base which continues to provide financial and management support.**

Gold X Mining has acquired two key cornerstone investors which has created a financial partnership team backing the company. The first was Wheaton Precious Metals which signed an initial streaming contract in 2013, and has remained a strong partner since then, and Gran Colombia Gold joined in 2018.

## CONVERTIBLE DEBENTURE FINANCING

The support was witnessed in December 2019 when Gold X Mining placed Secured Convertible Debentures of US\$20 million to exercise the company's option to purchase outright control of the Toroparu property. It

was achieved through financial support with US\$10 million from Wheaton Precious Metals and US\$5 million from Gran Colombia Gold<sup>3</sup>.

In July 2020, the majority of the Debentures were converted to equity. Gold X Mining issued 8.37 million shares to satisfy the conversion of US\$19.75 million of the principal amount. Subject to TSX Venture Exchange approval, the company also plans to settle all accrued interest by issuing approximately 500,000 Gold X shares.

The company expects to repay the remaining outstanding balance of US\$250,000 or convert this amount into Gold X shares.

## SHARE STRUCTURE

The company has 46.9 million common shares outstanding, along with the potential issue of 7.2 million shares from options, and 22.6 million through the exercise of Warrants. This is a total of 76.7 million fully diluted shares and is shown in the table below. The potential exercise of the Warrants could raise C\$59 million.

<b>Common Shares</b>	<b>46.90 million</b>
<b>Options</b>	<b>7.20 million</b>
\$1.30 Warrants Expiring Apr 9 , 2023	2.73 million
\$1.32 Warrants Expiring Jun 12 , 2024	3.48 million
\$2.40 Warrants Expiring Sep 11 , 2020	1.83 million
\$2.80 Warrants Expiring Aug 27, 2024	4.65 million
\$3.20 Warrants Expiring Jul 20, 2023	5.08 million
\$3.36 Warrants Expiring May 6, 2021	2.48 million
\$4.00 Warrants Expiring Oct 12, 2022	2.30 million
<b>Total Warrants</b>	<b>22.55 million</b>
<b>Fully diluted shares</b>	<b>76.65 million</b>

Following the Debentures conversions, Gran Colombia will hold 20.2% of the issued and outstanding Gold X shares and Wheaton Precious Metals will become a 9.49% shareholder. Insiders, associates, and families (including the company's executive management team) own 49.7%.

<sup>3</sup> 10% secured convertible debentures due thirty-six months from the closing date of the offering.

## Management & Directors

**The new management team is highly focused and brings a wealth of experience in the industry and achievement of successful prior transactions. Robert Friedland has just become Chairman of the company and is a strong endorsement of Gold X Mining.**

New energy and momentum have been injected into the company following the completion and positive outcome of the July 2019 PEA on Toroparu. A new management team has been employed, including Paul Matysek, Brian Paes-Braga and Bassam

Moubarak (the former team of Lithium X).

The new management team bring significant experience to the company. The team and the strategic shareholders have previously created billions of dollars of shareholder value, responsible for numerous successful sales.

In June 2020, Gold X Mining announced the appointment of Robert Friedland as Non-Executive Chairman of the company. For more than 25 years, he has been recognized by leaders of the international financial sector and mineral resource industries as an entrepreneurial explorer, technology innovator and company builder. This is a strong endorsement of the company.

The quality, experience, and industry standing of the management team and directors cannot be overstated.

### MANAGEMENT



**Paul Matysek**

CEO & DIRECTOR

Developed and sold 5 public companies (Energy Metals Corp., Potash One Inc., Lithium One Inc., Goldrock Mines Ltd. And Lithium X creating over US\$2.8 billion in shareholder value. Has raised over 250 million dollars of mining finance. Recently won the prestigious Ernst & Young Mining Entrepreneur of the Year Award.



**Richard Munson**

PRESIDENT

+35 years' experience; Advancing Toroparu since 1999.



**Bassam Moubarak**

CFO & DIRECTOR

Seasoned executive who, as CFO, was instrumental in the sale of Lithium X Energy, Goldrock Mines and Petaquilla Copper. He has raised project financing to put the Molijon Gold Mine into production and has experience with structuring gold transactions.



**Greg Barnes**

EXECUTIVE VICE PRESIDENT

Specialist in trading, production, and commodity investment in developing countries.

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**INDEPENDENT DIRECTORS****Robert Friedland**

CHAIRMAN OF THE BOARD

Led some of the world's largest mineral discoveries including Oyu Tolgoi, Voisey's, Fort Knox and Kamo-a-Kakula and was inducted into the prestigious Canadian Hall of Fame in 2016.

**Lombardo Paredes**

INDEPENDENT DIRECTOR

CEO Gran Colombia Gold Corporation.

**Suresh Beharry**

INDEPENDENT DIRECTOR

Co-Chairman, Beharry Group of Companies (one of the largest conglomerates operating in Guyana).

**Federico Restrepo-Solana**

INDEPENDENT DIRECTOR:

Partner & Corporate Director of Quartz Capital Partners.

**Brian O'Neill,**

INDEPENDENT DIRECTOR

Vice President, Merchant Banking at SAF Group.

## Guyana

**Guyana is the world's fastest growing economy according to the IMF and is being transformed by the discovery of significant offshore oil reserves.**

Guyana gained independence from Britain in 1966 and is currently ruled by President David Granger, who heads a multi-ethnic coalition led by two parties, A Partnership for National Unity (APNU) and the Alliance for Change (AFC). The population is about 780,000 and the official language is English, although a number of other languages are spoken, and the principal religion is Christianity.

Guyana has a network of skilled extractive industry workers coming from the country's strong educational system and its well-established gold and bauxite mining sectors.

According to the IMF, Guyana's economy grew an estimated 4.7% in 2019, and the economy has been based mainly on the country's agriculture and extractive industries (gold, bauxite and manganese). However, in 2020 the IMF expects the Guyanese economy to grow by nearly 53% (even after the impacts of the COVID-19 pandemic) as a result of the development of significant offshore oil reserves. In 2015, Exxon announced the discovery of offshore oil reserves on the Guyana coast, which boosted the flow of FDI in the country. The exploitation of the oil reserves and subsequent production are regarded as transformative for the country's economic prosperity.

In order to take advantage of the opportunities that come with oil exploitation, the government is working on implementing structural reforms in such areas as procurement and financial monitoring to boost competitiveness and improve the business environment in the country. The government program includes infrastructure

development and a reduction in emissions and deforestation, as well as carrying out structural reforms to improve the business environment and fight corruption. Large investments are also being made in hydroelectric projects.

Gold X Mining has a Memorandum of Understanding (MoU) with the government of Guyana that grants exclusive right to evaluate and develop the Kurupung Run-of-River Hydroelectric Plant (KRHP), an owner-operated 80 MW run-of-river hydroelectric facility located approximately 30 miles from the project. That project is currently at the Pre-Feasibility Stage of development and includes US\$40 million of capital investment by Gold X Mining under the MOU. If developed, this project would reduce the operating costs of the potential mine defined in the 2019 PEA by US\$265 million.

Since the discovery of offshore reserves in 2015, oil and gas companies have invested around US\$8.1 billion in exploration and development investment activities in the Guyana's offshore sector. The government estimates that the oil industry will generate revenue of US\$300 million in 2020, and surge to US\$5 billion by 2025.

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