AURANIA

AURANIA RESOURCES LTD.

CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS (Unaudited)

For the Three Months Ended March 31, 2021

(Expressed in Canadian Dollars)

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MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL REPORTING AND NOTICE TO READER

The accompanying unaudited condensed consolidated interim financial statements of Aurania Resources Ltd. (the "Company") for the three months ended March 31, 2021 are the responsibility of the Company's management ("Management") and have been prepared by Management and include the selection of appropriate accounting principles, judgments and estimates necessary to prepare these condensed consolidated interim financial statements in accordance with International Accounting Standard ("IAS") 34 *Interim Financial Reporting* using the accounting policies consistent with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB") for condensed consolidated interim financial statements.

In accordance with National Instrument 51-102, Part 4, subsection 4.3(3)(a), if an auditor has not performed a review of the condensed consolidated interim financial statements, they must be accompanied by a notice indicating that the condensed consolidated interim financial statements have not been reviewed by an auditor. The Company's independent auditor has not performed a review of these condensed consolidated interim financial statements in accordance with the standards established by the Chartered Professionals Accountants of Canada for a review of condensed consolidated interim financial statements by an entity's auditor.

AURANIA RESOURCES LTD.

CONDENSED CONSOLIDATED INTERIM STATEMENTS OF FINANCIAL POSITION (Unaudited)

(Expressed in Canadian dollars)

AS AT	**MARCH 31, 2021**	DECEMBER 31, 2020
ASSETS		
Current assets		
Cash	**$1,662,060**	$8,178,956
Prepaid expenses and receivables	**279,898**	205,963
Advances for mineral property interest (note 4)	**445,074**	560,155
Total current assets	**2,387,032**	8,945,074
Non-current assets		
Property and equipment (note 5)	**172,815**	164,550
TOTAL ASSETS	**$2,559,847**	$9,109,624
LIABILITIES AND SHAREHOLDERS' EQUITY (DEFICIENCY)		
LIABILITIES		
Current liabilities		
Accounts payable and accrued liabilities (note 12)	**$1,783,077**	$1,468,117
Total current liabilities	**1,783,077**	1,468,117
Long-term liability		
Promissory notes (note 6)	**4,050,491**	4,182,495
TOTAL LIABILITIES	**$5,833,568**	$5,560,612
SHAREHOLDERS' EQUITY (DEFICIENCY)		
Share capital (note 7)	**$440**	$440
Share premium (note 7)	**54,874,305**	54,863,605
Share to be issued (note 7)	**173,249**	183,949
Warrants (note 9)	**2,084,171**	2,463,801
Contributed surplus and shareholder contribution (notes 6 and 8)	**7,231,092**	6,410,229
Accumulated deficit	**(67,636,978)**	(60,463,012)
Total equity (deficiency)	**(3,273,721)**	3,459,012
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY (DEFICIENCY)	**$2,559,847**	$9,109,624

Nature of operations and business continuance (note 1)
Commitments and contingencies (notes 4 and 15)
Subsequent events (note 16)

APPROVED BY THE BOARD:

Signed, "Jonathan Kagan", Director

Signed, "Keith M. Barron", Director

The accompanying notes are an integral part of these condensed consolidated interim financial statements.

AURANIA RESOURCES LTD.

CONDENSED CONSOLIDATED INTERIM STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY (DEFICIENCY) (Unaudited)

(Expressed in Canadian dollars)

	ISSUED CAPITAL				RESERVES			
	Common Shares #	Share Capital	Share Premium	Shares to be issued	Warrants	Contributed Surplus	Accumulated Deficit	Total Equity Surplus (Deficiency)
Balance - December 31, 2019	**38,333,346**	**$383**	**$38,219,081**	**$165,841**	**$442,215**	**$4,666,849**	**$(42,096,918)**	**$1,397,451**
Shares issued for private placements	2,087,139	24	6,470,107	-	-	-	-	6,470,131
Less share issue cost	-	-	(77,408)	-	-	-	-	(77,408)
Shares issued for warrants exercised in 2019	50,944	-	165,841	(165,841)	-	-	-	-
Shares issued for exercise of warrants	59,750	-	207,672	-	(28,422)	-	-	179,250
Shares issued for exercise of stock options	100,000	-	113,487	-	-	(53,487)	-	60,000
Warrants issued for private placements	-	-	(732,867)	-	732,867	-	-	-
Expiry of warrants	-	-	-	-	(16,601)	-	16,601	-
Stock-based compensation - Restricted stock units "RSUs" compensation	-	-	-	-	-	53,713	-	53,713
Stock based compensation – Option compensation	-	-	-	-	-	591,627	-	591,627
Net loss for the period	-	-	-	-	-	-	(7,762,677)	(7,762,677)
Balance – March 31, 2020	**40,631,179**	**$407**	**$44,365,913**	**$-**	**$1,130,059**	**$5,258,702**	**$(49,842,994)**	**$912,087**

	ISSUED CAPITAL				RESERVES			
	Common Shares #	Share Capital	Share Premium	Shares to be issued	Warrants	Contributed Surplus	Accumulated Deficit	Total Equity Surplus (Deficiency)
Balance - December 31, 2020	**43,951,179**	**$440**	**$54,863,605**	**$183,949**	**$2,463,801**	**$6,410,229**	**$(60,463,012)**	**$3,459,012**
Shares issued for RSUs (note 7i)	5,000	-	10,700	(10,700)	-	-	-	-
Expiry of warrants	-	-	-	-	(379,630)	-	379,630	-
RSUs cancelled (note 8)	-	-	-	-	-	(24,263)	24,263	-
Stock-based compensation - Restricted stock units "RSUs" compensation (note 8)	-	-	-	-	-	182,181	-	182,181
Stock based compensation – Option compensation (note 8)	-	-	-	-	-	427,531	-	427,531
Shareholder Contribution	-	-	-	-	-	235,414	-	235,414
Net loss for the period	-	-	-	-	-	-	(7,577,859)	(7,577,859)
Balance – March 31, 2021	**43,956,179**	**$440**	**$54,874,305**	**$173,249**	**$2,084,171**	**$7,231,092**	**$(67,636,978)**	**$(3,273,721)**

The accompanying notes are an integral part of these condensed consolidated interim financial statements.

AURANIA RESOURCES LTD.

CONDENSED CONSOLIDATED INTERIM STATEMENTS OF LOSS AND COMPREHENSIVE LOSS (Unaudited)

(*Expressed in Canadian dollars)*

Three months ended MARCH 31,	**2021**	2020 (Note 14)
Operating Expenses:		
Exploration expenditures (note 11)	**$6,137,281**	$5,319,107
Stock-based compensation (notes 8, 10)	**609,712**	645,340
Investor relations	**180,289**	606,782
Office and general	**216,767**	259,698
Management	**131,892**	140,304
Professional and administration fees	**83,324**	130,807
Regulatory and transfer agent fees	**41,559**	50,060
Director and advisor fees (note 10)	**18,750**	18,750
Amortization (note 5)	**13,244**	11,365
Project evaluation expenses including travel	**-**	9,814
Total expenses	**7,432,818**	7,192,027
Other Expenses/ (Income)		
Loss on foreign exchange	**1,004**	441,286
Interest income	**(675)**	(2,799)
Interest expense (note 6)	**-**	2,841
Accretion of shareholder contribution (note 6)	**144,712**	129,322
Net Loss and comprehensive loss for the period	**7,577,859**	7,762,677
Basic and diluted loss per share	**$0.17**	$0.20
Weighted average common shares outstanding – basic and diluted	**43,955,561**	38,819,426

The accompanying notes are an integral part of these condensed consolidated interim financial statements.

AURANIA RESOURCES LTD.

CONDENSED CONSOLIDATED INTERIM STATEMENTS OF CASH FLOWS (Unaudited)

(Expressed in Canadian dollars)

Three months ended MARCH 31,	2021	2020
Cash flows from the following activities:		
Operating activities:		
Net loss for the period	**$(7,577,859)**	$(7,762,677)
Adjustment for:		
Amortization (note 5)	**13,244**	11,365
Stock-based compensation	**609,712**	645,340
Accrued interest and accretion (note 6)	**144,712**	132,163
Foreign exchange (note 6)	**(41,302)**	419,734
Non-cash items:		
Prepaid expenses and receivables	**(73,936)**	56,181
Advance for mineral property interest	**115,081**	(33,804)
Accounts payable and accrued liabilities	**314,961**	(201,214)
Net cash used in operating activities	**(6,495,387)**	(6,732,912)
Financing activities:		
Share issue for private placement	**-**	6,470,131
Less share issue costs	**-**	(77,408)
Shares issued for warrant exercises (notes 7, 9)	**-**	179,250
Shares issued for agents' options exercise (notes 7, 8)	**-**	60,000
Net cash provided by financing activities	**-**	6,631,973
Investing activity:		
Purchase of property and equipment (note 5)	**(21,509)**	(7,991)
Net cash used in investing activities	**(21,509)**	(7,991)
(Decrease)/ Increase in cash	**(6,516,896)**	(108,930)
Cash – beginning of period	**8,178,956**	5,229,341
Cash – end of period	**1,662,060**	5,120,411

The accompanying notes are an integral part of these condensed consolidated interim financial statements.

1. NATURE OF OPERATIONS AND BUSINESS CONTINUANCE

Aurania Resources Ltd. (the "Company") was incorporated under the laws of Bermuda on June 26, 2007 pursuant to the provisions of The Companies Act 1981 (Bermuda). On February 18, 2011, the Company registered extra-provincially in the Province of Ontario, Canada. The registered head office of the Company is located at 31 Victoria Street, Hamilton, HM10, Bermuda. The corporate office is located at Ste. 1050 – 36 Toronto St., Toronto, ON M5C 2C5.

The Company is a junior exploration mining company engaged in the identification, evaluation, acquisition and exploration of mineral property interests, with a focus on precious metals. On May 26, 2017, the Company acquired EcuaSolidus, S.A. ("ESA"), a private Ecuador-based company, owned by the principal shareholder of the Company, in order to acquire all the rights, title and interest in 42 mineral exploration licenses in Ecuador (the "Lost Cities – Cutucu Project" or the "Project"). **See note 4 – Mineral Property Interests.**

The business of mining and exploring for minerals involves a high degree of risk and there can be no assurance that the current exploration program will result in profitable mining operations. The recoverability of the amounts expended on mineral property interests and the carrying value of property, plant and equipment and the Company's continued existence is dependent upon the preservation of its interest in recoverable reserves, the achievement of profitable operations, maintenance of concessions and, the ability of the Company to raise necessary financing to complete its planned exploration program.

Although the Company has taken steps to verify title to the properties on which it is conducting exploration activities and in which it has an interest, in accordance with industry standards for the current stage of exploration of such properties, these procedures do not guarantee the Company's title. Property title may be subject to government licensing requirements or regulations, unregistered prior agreements, unregistered claims and noncompliance with regulatory and environmental requirements. **See note 4 – Mineral Property Interests** regarding the current status of the Company's permits and licenses. The Company's assets are located in Ecuador and Peru and are subject to the risk of foreign investment, including increases in taxes and royalties, renegotiation of contracts, currency exchange fluctuations and restrictions and political uncertainty.

Novel Coronavirus ("COVID-19")
The Company's operations could be significantly adversely affected by the effects of a widespread global outbreak of a contagious disease, including the recent outbreak of respiratory illness caused by COVID-19. The Company cannot accurately predict the impact COVID-19 will have on its operations and the ability of others to meet their obligations with the Company, including uncertainties relating to the ultimate geographic spread of the virus, the severity of the disease, the duration of the outbreak, and the length of travel and quarantine restrictions imposed by governments of affected countries. In addition, a significant outbreak of contagious diseases in the human population could result in a widespread health crisis that could adversely affect the economies and financial markets of many countries, resulting in an economic downturn that could further affect the Company's operations and ability to finance its operations.

As at March 31, 2021 the Company had current assets $2,387,032 (December 31, 2020 - $8,945,074) to fund current liabilities of: accounts payable and accrued liabilities of $1,783,077 (December 31, 2020 - $1,468,117), and long-term promissory notes of $4,050,491 (December 31, 2020 - $4,182,495). Further, the Company had an accumulated deficit of $67,636,978 (December 31, 2020 - $60,463,012) and working capital surplus of $603,955 (December 31, 2020 - surplus $7,476,957).

1. NATURE OF OPERATIONS AND BUSINESS CONTINUANCE, continued

The Company's ability to continue operations and fund its future exploration property expenditures is highly dependent on Management's ability to secure additional financing. Management acknowledges that while it has been successful in raising sufficient capital in the past, there can be no assurance it will be able to do so in the future. These financial statements do not include the adjustments that would be necessary should the Company be unable to continue as a going concern. Such adjustments could be material.

2. SIGNIFICANT ACCOUNTING POLICIES

Statement of compliance

These condensed consolidated interim financial statements, including comparatives, have been prepared in accordance with IAS 34 - Interim Financial Reporting using the accounting policies consistent with IFRS as issued by the IASB.

The accounting policies applied in these condensed consolidated interim financial statements are based on IFRS policies issued and outstanding as of the date the Board of Directors approved these interim financial statements being May 25, 2021. The same accounting policies and methods of computation are followed in these condensed consolidated interim financial statements as those applied in note 4 of the Company's most recent annual consolidated financial statements for the year ended December 31, 2020 and have been consistently applied throughout all periods presented, as if these policies had always been in effect. Any subsequent changes to IFRS that are given effect in the Company's annual financial statements for the year ending December 31, 2021 could result in the restatement of these condensed consolidated interim financial statements.

Basis of measurement

These condensed consolidated interim financial statements have been prepared under the historical cost convention except for certain financial assets and liabilities, which are measured at fair value. All amounts have been expressed in Canadian dollars, the Company's functional currency, unless otherwise stated and "USD" represents United States dollars, "CHF" represents Swiss francs and "SOL" represents Peruvian SOL. All amounts have been rounded to the nearest dollar, unless otherwise stated.

Basis of consolidation

These condensed consolidated interim financial statements incorporate the financial statements of the Company and its wholly-owned subsidiaries: AuroVallis Sarl ("AVS"), incorporated under the laws of Switzerland, ESA, incorporated under the laws of Ecuador and Sociedad Minera Vicus Exploraciones S.A.C, incorporated under the laws of Peru. All intercompany transactions, balances, income and expenses are eliminated upon consolidation.

Significant accounting judgments and estimates

The application of the Company's accounting policies in compliance with IFRS requires the Company's management to make certain judgments, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. These estimates and assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

2. SIGNIFICANT ACCOUNTING POLICIES, continued

Significant accounting judgments and estimates, continued

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimate is revised if the revision affects only that period or in the period of the revision and future periods if the revision affects both current and future periods.

Significant assumptions about the future and other sources of estimation uncertainty that management has made at the financial position reporting date, that could result in a material adjustment to the carrying amounts of assets and liabilities, in the event that actual results differ from assumptions made, relate to, but are not limited to, the following:

Estimation of decommissioning and restoration costs and the timing of expenditure

Management is not aware of any material restoration, rehabilitation and environmental provisions as at March 31, 2021 and December 31, 2020. Decommissioning, restoration and similar liabilities are estimated based on the Company's interpretation of current regulatory requirements, constructive obligations and are measured at fair value and these estimates are updated at least annually. Fair value is determined based on the net present value of estimated future cash expenditures for the settlement of decommissioning, restoration or similar liabilities that may occur upon decommissioning of the mine. Such estimates are subject to change based on changes in laws and regulations and negotiations with regulatory authorities.

Share-based payments and warrants

Management determines costs for share-based payments and warrants using market-based valuation techniques. The fair value of the market-based and performance-based non-vested share awards is determined at the date of grant using generally accepted valuation techniques. Assumptions are made and judgment used in applying valuation techniques. These assumptions and judgments for share-based payments include estimating the future volatility of the share price, expected dividend yield, future employee turnover rates and future employee stock option exercise behaviors and corporate performance. Assumptions and judgments for determining the value of warrants include estimating the future volatility of the share price, expected dividend yield, expected risk future-free rate of return etc. Such judgments and assumptions are inherently uncertain. Changes in these assumptions could affect the fair value estimates.

Income, value added, withholding and other taxes

The Company is subject to income, value added, withholding and other taxes. Significant judgment is required in determining the Company's provisions for taxes. There are many transactions and calculations for which the ultimate tax determination is uncertain during the ordinary course of business. The Company recognizes liabilities for anticipated tax audit issues based on estimates of whether additional taxes will be due. The determination of the Company's income, value added, withholding and other tax liabilities requires interpretation of complex laws and regulations. The Company's interpretation of taxation law as applied to transactions and activities may not coincide with the interpretation of the tax authorities. All tax-related filings are subject to government audit and potential reassessment subsequent to the financial statement reporting period. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will impact the tax-related accruals and deferred income tax provisions in the period in which such determination is made.

2. SIGNIFICANT ACCOUNTING POLICIES, continued

Significant accounting judgments and estimates, continued

Business combinations vs. asset acquisitions, continued

Determination of whether a set of assets acquired, and liabilities assumed constitute a business requires the Company to make certain judgments, taking into account all facts and circumstances. In making this determination, the Company considers items including, but not limited to: whether there are inputs and processes attributable to the set of assets and liabilities, the extent of the infrastructure in place, the work required to bring the acquired assets to production and whether the project has resources or reserves.

Such judgments are inherently uncertain and could have a significant effect on the method of accounting for the acquisition and the disclosures required.

See notes 4 and 15 – Commitments and Contingencies.

3. CAPITAL AND FINANCIAL RISK MANAGEMENT

Capital management

The Company considers the capital that it manages to include share capital, share premium, warrants, contributed surplus and shareholder contribution and accumulated deficit, which at March 31, 2021 was a deficiency of $3,273,721 (December 31, 2020 – surplus of $3,459,012). The Company manages its capital structure and makes adjustments to it, based on the funds needed in order to support the acquisition and exploration of mineral properties. Management does this in light of changes in economic conditions and the risk characteristics of the underlying assets. There has been no change with respect to the overall capital risk management strategy during the three months ended March 31, 2021. Neither the Company nor its subsidiaries are subject to externally imposed capital requirements, other than those of the TSX Venture Exchange ("TSXV"), which requires adequate working capital or financial resources of the greater of (i) $50,000 and (ii) an amount required in order to maintain operations and cover general and administrative expenses for a period of six months. As at March 31, 2021, the Company believes it is compliant with the policies of the TSXV.

Financial risk management

The Company's activities expose it to a variety of financial risks: credit risk, liquidity risk and market risk (including interest rate, foreign currency, and commodity price risk). Risk management is carried out by management, with guidance from the Audit Committee under policies approved by the Board of Directors (the "Board"). The Board also provides regular guidance for overall risk management. There have been no changes in the risks, objectives, policies, and procedures during period ended March 31, 2021.

Credit risk

Credit risk is the risk of an unexpected loss if a third party to a financial instrument fails to meet its contractual obligations. The Company has no significant concentration of credit risk arising from its operations. Cash is held at select Canadian, Swiss, Ecuadorian, and Peruvian financial institutions, from which management believes the risk of loss to be low. The Company does not have any material risk exposure to any single debtor or group of debtors.

3. CAPITAL AND FINANCIAL RISK MANAGEMENT, continued

Liquidity risk

Liquidity risk is the risk that the Company will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash or another financial asset. The Company's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Company's reputation.

The Company endeavors to have sufficient cash on demand to meet expected operational expenses, including the servicing of financial obligations; this excludes the potential impact of extreme circumstances that cannot be reasonably predicted.

The Company generates cash flow primarily from its financing activities. As at March 31, 2021, the Company had available cash of $1,662,060 (2020 - $8,178,956) to settle current liabilities of $1,783,077 (2020 - $1,468,117). Also, the Company has long-term liabilities of $4,050,491 (2020 - $4,182,495) **See note 6 – Promissory notes and convertible debenture**. All the Company's financial liabilities generally have contractual maturities of less than 30 days and are subject to normal trade terms, except for its promissory notes. In addition to the commitments disclosed in Note 15, the Company is obligated to the following contractual maturities of undiscounted cash flows as at March 31, 2021:

In Canadian $ equivalents	Carry amount	Contractual cash flows	January 1 ,2021 to March 31, 2021	Thereafter
Accounts payable and accrued liabilities	**1,783,077**	1,783,077	1,783,077	-
Promissory note 2017 (note 6)	**496,573**	571,032	-	571,032
Promissory note 2019 (note 6)	**3,553,918**	3,932,025	-	3,932,025
	5,833,568	6,286,134	1,783,077	4,503,057

As the Company has no steady source of revenues or cash flow and has implemented its exploration plan as anticipated, it is highly probable that additional financing will be required during 2021 to further advance exploration at the Project, to meet ongoing financial obligations and discharge the Company's liabilities, in the normal course of business. The Company is considering different sources of potential funding to advance exploration, including equity issuances, short-term loans, the exercise of warrants and stock options and joint venture partnerships.

Market risk

Market risk is the risk related to changes in the market prices, such as fluctuations in foreign exchange rates and interest rates that will affect the Company's net earnings or the value of its financial instruments.

(i) <u>Interest rate risk</u>

Cash balances are deposited in highly-accessible and low-interest bank accounts that are used for short-term working capital requirements. The Company regularly monitors compliance to its cash management policy.

(ii) <u>Foreign currency risk</u>

Certain of the Company's expenses are incurred in United States dollars and Swiss francs and are therefore subject to gains or losses due to fluctuations in these currencies. Management believes that the foreign

3. CAPITAL AND FINANCIAL RISK MANAGEMENT, continued

(ii) Foreign currency risk, continued

exchange risk derived from currency conversions is best served by not hedging its foreign exchange risk. At March 31, 2021 and December 31, 2020, the Company's exposure to foreign currency risk with respect to amounts denominated in USD, CHF, and SOL, was substantially as follows:

In Canadian $ equivalents	March 31, 2021	December 31, 2020
Cash	**$352,824**	$2,103,088
Advances for mineral properties	**445,074**	560,155
Accounts payable, accrued liabilities, promissory notes	**(5,133,161)**	(5,331,489)
Net exposure	**$(4,335,263)**	$(2,668,246)

Commodity price risk

Commodity price risk is defined as the potential adverse future impact on earnings and economic value due to commodity price movements and volatility. The ability of the Company to develop its mineral properties and the future profitability of the Company is directly related to the market price of gold, silver, copper, and other commodities. Commodity prices have fluctuated significantly in recent years. There is no assurance that these metals will be produced in the future or that a profitable market will exist for them. As of March 31, 2021, and December 31, 2020, the Company was not a metals commodity producer.

Sensitivity analysis

At March 31, 2021 and 2020, both the carrying and fair value amounts of the Company's short-term financial instruments are approximately equivalent due to their short-term nature. The carrying amount of the long-term promissory notes at March 31, 2021 approximates their fair value. The fair value of the long-term promissory notes at March 31, 2021 is approximately $4,503,058 This was estimated based on discounting the promissory notes at an estimated discount rate of 15% with term a term of one year.

Based on Management's knowledge and experience of the financial markets, the Company believes that a 10% strengthening of the Canadian dollar against the USD and CHF and SOL would have decreased the net asset position of the Company as at March 31, 2021 by $433,526 (at December 31, 2020 – $266,825). A 10% weakening of the Canadian dollar against the same would have had an equal but opposite effect.

4. MINERAL PROPERTY INTERESTS

ECUADOR

a) Mineral concessions and obligations

The Company acquired the rights, title and 100% interest in the Lost Cities Project, comprised of certain mineral concessions covering 207,764Ha in southeastern Ecuador, on May 26, 2017. The concessions were granted on December 27 and 28, 2016, and are valid for 25 years, renewable for a subsequent 25-year period, provided that the concessions are maintained in good standing.

Mineral concessions are regulated according to the following phases:

- up to four years of "Initial Exploration" , as extended by the December 9, 2020 Ministerial decree.

(Expressed in Canadian Dollars)

4. MINERAL PROPERTY INTERESTS, continued

ECUADOR, continued

a) Mineral concessions and obligations, continued

- up to four years of “Advanced Exploration”;
- up to two years of “Economic Evaluation” of any deposit identified, which can be extended for an additional two-year period; and
- thereafter, the concessions are in the “Exploitation Phase”.

Initial Exploration Phase. - Annual Mineral concession fee and expenditure obligations

Year	Concession Fees (USD)	Expenditure Required (USD)	Committed Expenditure (USD)	Actual Expenditure (USD)
1 (2017)	$1,973,198[1]	$1,038,820[2]	$1,060,000[2]	$3,354,497
2 (2018)	2,004,923[1]	2,077,640[2]	1,090,000[2]	4,396,820
3 (2019)	2,046,475[1]	2,077,640[2]	2,098,000[2]	5,116,155
4 (2020)	2,077,640[1]	2,077,640[2]	2,081,800[2]	8,627,136

[1] Paid - The Concession Fee is the larger of $10/Ha or the amount of Committed Expenditure by the Company.
[2] Requirement satisfied.

Advanced Exploration Phase - Annual Mineral concession fee and expenditure obligation

On December 9, 2020 in recognition of operational delays caused by the COVID-19 pandemic, the Ministry of Energy and Non-Renewable Resources issued a Ministerial Decree that extends the Initial Exploration stage for a minimum of 18 months to a maximum of 36 months. This is assessed on a case by case and concession by concession basis. As a result of this extension the timing of the first payments for the Advanced Exploration phase, which double to USD$20/Ha, has been revised and is set out below, along with the maximum amounts payable. The amounts payable are expected to be less than the maximum as it is the Company’s intention to drop concessions of low geological interest. The extent of any reduction in the number of concessions held is yet to be determined.

	Number of concessions	Hectares	Concession fee
Q2 2022	4	19,787	$395,741
Q3 2022	4	19,787	395,741
Q2 2023	1	4,947	98,935
Q4 2023	23	113,776	2,275,510
Q2 2024	10	49,468	989,352
	42	**207,764**	**$4,155,280**

Environmental Registration and Plan obligations.

The Environmental Registration and Environmental Management Plan required from the Ministry of the Environment for exploration of the concessions were received on June 30, 2017, and both are valid for the 4-year term of Initial Exploration.

(Expressed in Canadian Dollars)

4. MINERAL PROPERTY INTERESTS, continued

ECUADOR, continued

b) Relinquishment or cancellation of concessions

The size of the concession area constituting the Project may be reduced at the Company's discretion, based on exploration results. Conversely, mineral concessions can be cancelled by the State, for various reasons including, misrepresentation by the concession-holder of the stage of the concessions' exploration and development, by causing an excessive environmental impact, irreparable damage to Ecuadorian cultural heritage, or by the violation of human rights. See note 11 – Exploration expenses.

c) Exploration entitlements

The properties are subject to two percent (2%) net smelter return royalty on metal production and a two percent (2%) net sales return royalty on non-metallic products, held by Dr. Keith Barron, vendor and current Chairman, CEO, and principal shareholder of the Company.

PERU

Mineral concessions in Peru

In late 2019, the Company applied to the Peruvian Mining and Metallurgical Geological Institute "INGEMMET" for 418 mineral concessions covering over 400,000Ha. As at March 31, 2021, 30 new concessions had been applied for and title had been granted for six concessions (6,000 Ha) and 413 applications continued in the concession approval process, covering an area of 405,176Ha. As of the date of this note, title has been granted to a total of 43 mineral concessions covering an area of 42,500Ha, while 372 concessions (covering an area of 362,776Ha) are proceeding through the review process. The advances for mineral property interest of $445,074 (December 31, 2020 - $560,155) represent cash advances made to INGEMMET that can be applied to future applications or to cover annual fees. The Company has a maximum annual obligation of $1,446,591 in regard to the Peru Project concession payments (Table 9).

Table 9: Concession payment obligations for concessions applied for and in progress.

Concession payment obligations at March 31, 2021	**2021 Q2**	2022 onwards Q2
Number of concessions	**418**	-
Hectares	**401,276**	377,276
Concession payments	**$1,446,591**	$1,446,591
Concession payments covered by certificates	**560,155**	-
Concession payments not covered by certificates	**886,052**	1,446,591
Total concession payment obligations	**$886,052**	$1,446,591

Mineral concessions in Peru

The Company is in the process of prioritizing the key concessions and expects to significantly reduce the number of hectares and associated fees ahead of the required payment date. The required payments were made utilizing certificate credits of USD$85,647 and USD$18,000 respectively, leaving a balance of approximately $445,074 (USD$352,925) to be used for future payments.

(Expressed in Canadian Dollars)

4. MINERAL PROPERTY INTERESTS, continued

PERU, continued

Obligations Related to the Concession Applications

- The applications are progressing through a process that includes verification that the applications do not cover existing concessions or ecologically fragile areas and the publication of the INGEMMET-vetted applications in the local press in the province in which the concession applications lie.
- An annual concession fee of US$3.00 per hectare is required to be paid by the end of June to keep the concessions in good standing.
- While the Company believes that the majority of its applications will be approved, there is no guarantee that all of the concession applications will be successful.

5. PROPERTY & EQUIPMENT

	Leasehold Improvements	Field Equipment	Furniture and Fixtures	Computer Equipment	Total
COST					
At December 31, 2020	27,545	122,559	8,399	121,530	280,033
Additions	-	14,869	571	6,069	21,509
At March 31, 2021	**27,545**	**137,428**	**8,970**	**127,599**	**301,542**
ACCUMULATED DEPRECIATION					
At December 31, 2020	(7,143)	(43,602)	(1,733)	(63,005)	(115,483)
Additions	(519)	(6,627)	(194)	(5,904)	(13,244)
At March 31, 2021	**(7,662)**	**(50,229)**	**(1,927)**	**(68,909)**	**(128,727)**
NET BOOK VALUE					
At December 31, 2020	20,402	78,957	6,666	58,525	164,550
At March 31, 2021	**$19,883**	**$87,199**	**$7,043**	**$58,690**	**$172,815**

6. PROMISSORY NOTES

Promissory note 2017 - Mineral Concessions Loan ("MCL1")

For the three months ended MARCH 31, 2021 and the year ended DECEMBER 31, 2020	2021	2020
Balance, beginning of period	**$567,102**	**$569,828**
Interest rate benefit recognized as shareholder contribution	(83,815)	-
Accretion expense	18,351	11,713
Foreign exchange translation gain	(5,065)	(14,439)
Balance, end of period	**$496,573**	**$567,102**

On March 20, 2017, Dr. Barron, advanced USD 2,000,000 by way of a promissory note to the Company to facilitate the payment of the 2017 mineral concession fees. USD 1,000,000 was repaid on May 17, 2017; USD 217,168 ($280,000) was settled for 700,000 stock options, with an exercise price of $0.40, on April 2, 2018 and $500,000 was repaid in cash on August 16, 2018. The loan is unsecured, with a term of two years, bearing an interest rate of 2% per annum which is considered to be below a market rate of interest for such a loan. IFRS requires that where an interest rate is below the market rate, estimated at 15%, there is deemed

(Expressed in Canadian Dollars)

6. PROMISSORY NOTES AND CONVERTIBLE DEBENTURE, continued

Promissory note 2017 - Mineral Concessions Loan ("MCL1"), continued

to be a benefit to the shareholders and as such that portion of the promissory loan considered to represent that benefit is recorded in equity as a shareholder contribution. The amount of the benefit is then recognized over the life of the promissory note as an accretion expense. On September 30, 2020, Dr. Barron agreed to amend the terms of his promissory note issued in 2019 such that it will become repayable on the day following the one-year anniversary of Dr. Keith Barron requesting repayment. The accretion on the promissory note will be accounted for as a shareholder contribution until such time that the repayment is requested by the Lender.

Promissory Note issued in April 2019

On April 22, 2019, Dr. Barron, advanced USD 3,000,000 by way of a promissory note to the Company. The loan is unsecured, with a term of two years, bearing an interest rate of 2% per annum which is considered to be below a market rate of interest for such a loan. IFRS requires that where an interest rate is below the market rate, estimated at 15%, there is deemed to be a benefit to the shareholders and as such that portion of the promissory loan considered to represent that benefit is recorded in equity as a shareholder contribution. The amount of the benefit is then recognized over the life of the promissory note as an accretion expense. On August 20, 2020, Dr. Barron agreed to amend the terms of his promissory note issued in 2019 such that it will become repayable on the day following the one year anniversary of Dr. Keith Barron requesting repayment. The accretion on the promissory note will be accounted for as a shareholder contribution until such time that the repayment is requested by the Lender.

For the three months ended MARCH 31, 2021 and the year ended DECEMBER 31, 2020	2021	2020
Balance, beginning of period/issuance of promissory note	**$3,615,393**	**$3,370,530**
Interest rate benefit recognized as shareholder contribution	(151,599)	(134,943)
Accretion expense	126,361	481,347
Foreign exchange translation gain	(36,237)	(101,541)
Balance, end of period	**$3,553,918**	**$3,615,393**

7. SHARE CAPITAL

Authorized share capital at March 31, 2021 and December 31, 2020 is 1,000,000,000 common shares with a par value of $0.00001 per share. All shares issued are fully paid. The number of issued and outstanding common shares at March 31, 2021 is 43,956,179 (December 31, 2020 – 43,951,179). During the three months ended March 31, 2021, the Company completed the following:

(i) **RSU's**
On January 12, 2021, the Company issued 5,000 common shares for vested RSU's.

8. STOCK-BASED COMPENSATION

Stock Options

The Company maintains a stock option plan (the "Plan") for the benefit of directors, officers, employees, and consultants. The maximum number of common shares reserved for issuance with respect to the Plan cannot exceed 10% of the issued and outstanding common shares of the Company at the date of grant.

(Expressed in Canadian Dollars)

8. STOCK-BASED COMPENSATION, continued

Stock Options, continued

Stock options generally vest 1/3 annually.

(i) On January 25, 2021, the Company granted 200,000 stock options to one director of the Company. Each option is exercisable to acquire one common share at a price of $3.21. The options vest in three equal annual instalments as follows: 1/3 on the grant date and on the anniversary of that date 2022 and 2023. A total value of $378,307 has been assigned to the options using the Black-Scholes option pricing model using the following assumptions: expected forfeiture rate of 0%, expected dividend yield of 0%, expected volatility of 74%, a risk-free interest rate of 0.17%, stock price $3.20 and an expected life of 5 years. Volatility was based on the historical trading of the Company's shares. To March 31, 2021, a total of $28,294 has been expensed for the vested options.

(ii) For the three months period ended March 31, 2021, an aggregate of $427,531 of stock-based compensation was recorded for the fair value of vested stock options resulting from the grant of stock options in the current period and prior years.

(iii) The following summarizes the stock options activity during the three months ended March 31, 2021:

	Number of Options	Weighted Average Exercise Price	Estimated Fair Value
Balance - December 31, 2020	**3,541,000**	**$2.99**	**$5,151,939**
Issued	200,000	3.21	28,294
Stock-based compensation expense	-	-	399,238
Balance – March 31, 2021	**3,741,000**	**$2.92**	**$5,579,471**

(iv) The following summarizes the stock options outstanding at March 31, 2021:

Issued Number of Options	Exercisable Number of Options	Exercise Price	Expiry Date	Estimated Fair Value
150,000	150,000	$2.30	May 26, 2022	256,242
200,000	200,000	$2.00	November 2, 2022	205,625
250,000	250,000	$2.89	March 2, 2023	541,934
136,000	136,000	$2.68	April 5, 2023	273,227
180,000	180,000	$3.40	April 5, 2023	457,200
48,000	48,000	$3.40	January 16, 2024	121,920
77,000	77,000	$2.97	June 28, 2024	170,940
880,000	293,334	$2.70	October 24, 2024	1,477,743
200,000	66,667	$2.70	December 31, 2021	335,850
300,000	100,000	$3.16	February 7, 2025	593,008
920,000	339,997	$3.51	November 17, 2025	922,915
100,000	33,333	$3.51	December 31, 2021	100,317
100,000	33,333	$3.25	December 22, 2025	94,256
200,000	66,667	$3.21	January 25, 2026	28,294
3,741,000	**1,974,331**			**$5,579,471**

The weighted average contractual life remaining for stock options as at March 31, 2021 is 2.68 years (December 2020 – 2.86 years) and the weighted average grant date fair value is $1.97 (December 31, 2020 - $1.98).

(Expressed in Canadian Dollars)

8. STOCK-BASED COMPENSATION, continued

Restricted Stock Units ("RSUs")

RSUs are granted to encourage employee performance and retention. The RSUs are awarded based on performance criteria and vest over three years in equal instalments. For each RSU that vests a common share in the company is issued. The following summarizes the RSU activity during the three months ended March 31, 2021:

	Number of RSUs	Weighted Average Fair Value	Estimated Fair Value
Balance – December 31, 2020	**420,500**	**$3.07**	**$208,098**
Cancelled	(28,000)	-	(24,264)
Stock-based compensation expense	-	-	182,181
Balance – March 31, 2021	**392,500**	**$3.27**	**$366,015**

The weighted average contractual life remaining for RSUs at March 31, 2021 is 2.42 years (December 31, 2020 – 2.67 years). The RSUs were not included in the computation of diluted net loss per share for the periods presented as they are anti-dilutive. On November 18, 2020, the Company granted 338,700 restricted stock units ("RSU's") to employees of the Company vesting over 3 years, and they were valued based on the quoted market price on the date of issuance.

9. WARRANTS

The following summarizes the warrants and Agents' warrants activity and outstanding warrants and Agents' warrants for the three months ended March 31, 2021:

	Number of Warrants/ Agents' Options	Weighted Average Exercise Price	Estimated Fair Value
Balance – December 31, 2020	**3,380,938**	**$4.87**	**$2,463,801**
Expired	(820,937)	4.00	(379,630)
Balance – March 31, 2021	**2,560,001**	**$4.75**	**$2,084,171**

Outstanding warrants

Expiry date	Number of Warrants	Exercise Price
August 27, 2021	4,734	$4.00
August 28, 2021	236,994	$4.25
September 5, 2021	671,622	$4.25
September 13, 2021	134,951	$4.25
September 20, 2021	11,180	$4.00
October 29, 2022	1,339,750	$5.20
October 29, 2022	160,770	$4.30
Balance – March 31, 2021	**2,560,001**	

(Expressed in Canadian Dollars)

10. KEY MANAGEMENT COMPENSATION EXPENSE

In accordance with IAS 24, key management personnel are those having authority and responsibility for planning, directing and controlling the activities of the Company directly or indirectly, including any directors (executive and nonexecutive) of the Company. The remuneration of Management and directors of the Company was:

For the three months ended March 31,	2021	2020
Management fees corporate (1)	$84,485	$87,569
Management fees – technical (1)	99,250	102,477
Director and advisor fees (2)	18,750	18,750
Stock-based compensation for key management and directors (3)	304,854	366,132
Total key management compensation expense	**$507,339**	$574,928

(1) Salary - corporate includes 100% CFO fees, 30% of the President's compensation. Salary - technical includes the remaining 70% of the President's compensation and 100% of the compensation paid to the Vice President, Exploration.

(2) Director's fees are $15,000 per annum, per director or $3,750 per quarter.

(3) This figure is the estimated fair value expense of vested stock options and RSUs granted to key management and directors during the three months ended March 31, 2021 and 2020.

11. EXPLORATION EXPENSE

For the three months ended March 31,	2021	2020
ECUADOR		
GEOLOGY/FIELD:		
- Salaries, benefits	**$697,108**	$657,390
- Camp costs, equipment, supplies	**370,680**	291,688
- Project management (note 10)	**52,412**	55,495
- Travel, accommodation	**88,492**	182,590
- Office (Quito, Macas)	**29,555**	18,677
- Environment, health & safety	**137,724**	103,548
- Water	**33,693**	21,324
- Drilling	**679,075**	298,055
GEOCHEMISTRY	**54,583**	108,908
GEOPHYSICS	**941,306**	230,234
OTHER TECHNICAL STUDIES	**6,083**	59,642
EXPERT CONSULTANTS	**40,589**	-
CORPORATE SOCIAL RESPONSIBILITY - fees, travel, supplies	**197,767**	268,694
LEGAL AND OTHER COSTS RELATED TO CONCESSIONS	**14,335**	3,751
CONCESSION MAINTENANCE – permits	**2,613,615**	2,785,907
Total exploration expense – Ecuador & Canada	**5,957,017**	5,085,903
PERU		
- Costs related to concession fees applications	**112,456**	150,102
- Technical Consulting	**34,704**	16,346
- Legal	**33,104**	66,756
Total exploration expense – Peru	**180,264**	233,204
TOTAL EXPLORATION EXPENSE	**$6,137,2831**	$5,319,107

12. RELATED PARTY TRANSACTIONS

Related parties include the Board of Directors, close family members and enterprises that are controlled by these individuals as well as certain persons performing similar functions. The Company entered into the following transactions with related parties during the three months ended March 31, 2021 and 2020:

(i) During the three months ended March 31, 2021, the Company incurred $36,000 (2020 - $36,000) of administrative service costs including office, rent and general office services, to Big Silver Ltd. a company owned and controlled by the Chairman, CEO and principal shareholder.

(ii) Certain Company employees undertake work for other companies with officers and directors in common and recharges those companies with the direct cost of the work done. The amounts receivable are unsecured, non-interest bearing and have no fixed terms of repayment. During the three months ended March 31, 2021;

a. $19,269 (2020-$nil) was recharged to U3O8 Corp. whose President, CEO and Director, Dr. Richard Spencer is also Aurania's President and Director, and Dr. Keith Barron, Director, Chairman and CEO of Aurania is also Chairman and Director of U3O8 Corp. On March 31, 2021 $19,269 remained receivable.

b. $10,584 (2020-$3,233) was recharged to Firestone Ventures Inc. Dr. Keith Barron, Chairman and CEO of the Company, is also President, CEO and Director of Firestone Ventures Inc. Dr. Richard Spencer, President and director of Aurania, also serves on the board of directors of Firestone Ventures Inc. On March 31, 2021 $10,584 remained receivable, and

c. $2,630 (2020-$nil) was recharged to the Step Forward Foundation, a private charitable organization whose founder and Director Dr. Keith Barron, is also the Chairman and CEO of the Company. On March 31, 2021, $2,630 remained receivable. This amount is unsecured, non-interest bearing and due on demand.

(iii) For other related party transactions, see notes 6 and 10 of the unaudited condensed consolidated interim financial statements for the three months ending March 31, 2021.

13. SEGMENTED INFORMATION

At March 31, 2021, the Company's operations comprised one business segment engaged in mineral exploration and three operating segments – Ecuador, Switzerland, and Peru. Cash of $1,407,493 (December 31, 2020 - $8,107,008) is held in a Canadian chartered bank, $232,899 (December 31, 2020 - $38,419) being held in a chartered bank in Ecuador, $1,767 (December 31, 2020 - $2,083) being held in a chartered bank in Switzerland and the balance of $19,901 (December 31, 2020 - $31,446) being held in a chartered bank in Peru.

14. RECLASSIFICATION OF PRIOR QUARTER'S DATA FOR PRESENTATION

Certain of the 2020 comparative amounts have been reclassified to conform to the 2021 form of presentation.

15. COMMITMENTS AND CONTINGENCIES

Environmental contingencies

The Company's exploration activities are subject to various laws and regulations governing the protection of the environment. The Company conducts its operations so as to protect public health and the environment and believes its operations are materially in compliance with all applicable laws and regulations.

15. COMMITMENTS AND CONTINGENCIES, continued

Service costs and consulting agreements

Commencing January 1, 2019, the Company entered into an agreement with Big Silver Ltd. a company owned and controlled by the Chairman, Chief Executive Officer and principal shareholder, for office rent and general office services. The terms include a monthly fee of $12,000 and can be terminated by either party with 180 days' notice.

The Company is party to certain management contracts. These contracts contain minimum commitments of approximately $693,000 and additional contingent payments of up to approximately $1,040,000 upon the occurrence of a change of control. As a triggering event has not taken place, the contingent payments have not been reflected in these consolidated financial statements.

16. SUBSEQUENT EVENTS

Brokered overnight marketed public offering and concurrent private placement

On April 1, 2021, the Company closed its previously announced overnight marketed public offering of units of the Company, including exercise in full of the over-allotment option (the "Offering"). A total of 2,507,000 Units were sold at a price of $3.10 per Unit for gross proceeds of $7,771,700. Each unit is comprised of one common share in the capital of the Company and one common share purchase warrant. Each warrant shall entitle the holder to purchase one common share at $4.25 at any time on or before the date which is 36 months after the closing date. In connection with the offering, the Company paid to the underwriters a cash commission of 6% of the gross proceeds from the offering and issued to the underwriters a number of compensation warrants equal to 6% of the Units sold under the offering. Each compensation warrant is exercisable into a Unit at the exercise price of $4.25 per unit until April 1, 2024.

On April 7, 2021 the Company closed its previously announced concurrent private placement of units with substantially the same terms and conditions as the units issued in the overnight marketed public offering for gross proceeds of $1,251,498.