



# AURANIA

**AURANIA RESOURCES LTD.**

**CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS (Unaudited)**

**For the Three and Six Months Ended June 30, 2023**

*(Expressed in Canadian Dollars)*

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# AURANIA

## 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 and six months ended June 30, 2023 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 ("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 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)*

<b>AS AT</b>	<b>June 30, 2023</b>	<b>December 31, 2022</b>
<b>ASSETS</b>		
<b>Current assets</b>		
Cash	<b>670,321</b>	\$1,473,768
Prepaid expenses	<b>81,806</b>	431,439
Receivables (notes 5 and 16)	<b>57,103</b>	88,023
<b>Total current assets</b>	<b>809,230</b>	1,993,230
<b>Non-current asset</b>		
Property and equipment (note 6)	<b>93,473</b>	120,509
Right of use assets (ROU) (note 7)	<b>209,791</b>	239,761
<b>TOTAL ASSETS</b>	<b>\$1,112,494</b>	\$2,353,500
<b>LIABILITIES AND EQUITY (DEFICIENCY)</b>		
<b>LIABILITIES</b>		
<b>Current liabilities</b>		
Accounts payable and accrued liabilities	<b>1,178,849</b>	\$1,612,941
Current lease liabilities (note 10)	<b>56,470</b>	56,470
<b>Total current liabilities</b>	<b>1,235,319</b>	1,669,411
<b>Long-Term liability</b>		
Promissory notes (note 9)	<b>8,364,804</b>	7,514,229
Lease liabilities (note 10)	<b>174,304</b>	202,116
<b>TOTAL LIABILITIES</b>	<b>9,774,427</b>	9,385,756
<b>EQUITY (DEFICIENCY)</b>		
Share capital (note 11)	<b>\$675</b>	\$582
Share premium (note 11)	<b>71,475,030</b>	68,575,091
Share to be issued (note 12)	<b>979,814</b>	979,814
Warrants (note 13)	<b>7,005,338</b>	5,715,767
Contributed surplus and shareholder contribution (notes 9 and 12)	<b>7,759,033</b>	9,217,439
Accumulated deficit	<b>(95,881,823)</b>	(91,520,949)
<b>Total shareholders' (deficiency)</b>	<b>(8,661,933)</b>	(7,032,256)
<b>TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY (DEFICIENCY)</b>	<b>\$1,112,494</b>	\$2,353,500

Nature of operations and business continuance (note 1)

Commitments and contingencies (notes 8 and 18)

Subsequent events (note 19)

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)
<b>Balance – December 31, 2021</b>	<b>51,959,675</b>	<b>\$520</b>	<b>\$66,082,072</b>	<b>\$732,054</b>	<b>\$7,252,555</b>	<b>\$8,507,647</b>	<b>\$(82,884,639)</b>	<b>\$(309,791)</b>
Shares issued for private placement	1,996,653	20	1,397,637	-	-	-	-	1,397,657
Less share issue cost	-	-	(37,589)	-	(30,112)	-	-	(67,701)
Warrants issued for private placement	-	-	(754,934)	-	754,934	-	-	-
Broker warrants issued for private placement	-	-	-	-	(585,000)	-	585,000	-
Expiry of warrants (note 13)	-	-	-	-	-	-	-	-
Cancellation of stock options (note 12)	-	-	-	-	-	(930,156)	930,156	-
Shares issued from shares to be issued	7,500	-	-	-	-	-	-	-
Restricted stock units "RSUs" cancelled (note 12)	-	-	-	-	-	(60,958)	60,958	-
Stock based compensation – RSUs compensation (note 12)	-	-	-	-	-	181,267	-	181,267
Stock-based compensation – Option compensation (note 12)	-	-	-	-	-	683,615	-	683,615
Shareholder contribution	-	-	-	-	-	601,045	-	601,045
Net loss for the year	-	-	-	-	-	-	(8,021,527)	(8,021,527)
<b>Balance – June 30, 2022</b>	<b>53,963,828</b>	<b>\$540</b>	<b>\$66,687,186</b>	<b>\$732,054</b>	<b>\$7,392,377</b>	<b>\$8,982,460</b>	<b>\$(89,330,052)</b>	<b>\$(5,535,435)</b>
	ISSUED CAPITAL				RESERVES			
	Common Shares #	Share Capital	Share Premium	Shares to be issued	Warrants	Contributed Surplus	Accumulated Deficit	Total Equity Surplus (Deficiency)
<b>Balance – December 31, 2022</b>	<b>58,217,926</b>	<b>\$582</b>	<b>\$68,575,091</b>	<b>\$979,814</b>	<b>\$5,715,767</b>	<b>\$9,217,439</b>	<b>\$(91,520,949)</b>	<b>\$(7,032,256)</b>
Shares issued for private placements - March 2023 (note 11(i))	9,253,811	93	4,256,661	-	-	-	-	4,256,753
Less share issue cost (note 11(ii))	-	-	(46,599)	-	(20,551)	-	-	(67,150)
Warrants issued for private placement - March 2023 (notes 13 and 14)	-	-	(1,310,122)	-	1,310,122	-	-	-
Cancellation of stock options (note 12)	-	-	-	-	-	(2,243,129)	2,243,129	-
Cancellation of RSUs (note 12)	-	-	-	-	-	(26,946)	26,946	-
Stock-based compensation – RSUs compensation (note 12)	-	-	-	-	-	32,365	-	32,365
Stock based compensation – Option compensation (note 12)	-	-	-	-	-	212,620	-	212,620
Shareholder contribution (note 9)	-	-	-	-	-	566,684	-	566,684
Net loss for the year	-	-	-	-	-	-	(6,630,949)	(6,630,949)
<b>Balance – June 30, 2023</b>	<b>67,471,737</b>	<b>\$675</b>	<b>\$71,475,030</b>	<b>\$979,814</b>	<b>\$7,005,338</b>	<b>\$7,759,033</b>	<b>\$(95,881,823)</b>	<b>\$(8,661,933)</b>

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 June 30,		Six months ended June 30,	
	2023	2022	2023	2022
<b>Operating Expenses:</b>				
Exploration expenditures (notes 8, 15 and 16)	\$446,242	\$1,096,532	\$4,745,140	\$4,923,001
Stock-based compensation (notes 12 and 14)	\$121,950	573,102	244,985	864,881
Investor relations	74,624	163,898	197,762	332,618
Office and general	317,498	325,111	505,497	543,708
Management fees (note 14)	95,520	122,194	175,020	595,061
Professional and administration fees	16,742	26,859	32,379	124,553
Regulatory and transfer agent fees	99,159	63,706	129,851	97,093
Director and advisor fees (note 14)	-	15,000	-	30,000
Amortization (notes 6 and 7)	28,160	16,771	57,006	32,172
<b>Total expenses</b>	<b>\$1,199,895</b>	<b>\$2,403,173</b>	<b>\$6,087,640</b>	<b>\$7,543,087</b>
<b>Other Expenses/(Income)</b>				
Loss (gain) on foreign exchange	(129,570)	164,749	(101,876)	109,664
Interest income	(374)	(1,255)	(3,227)	(2,379)
Accretion of shareholder contribution (note 9)	325,152	212,913	648,412	371,155
<b>Net loss and comprehensive loss for the year</b>	<b>\$1,395,103</b>	<b>\$2,779,580</b>	<b>\$6,630,949</b>	<b>\$8,021,527</b>
<b>Basic and diluted loss per share</b>	<b>\$0.02</b>	<b>\$0.05</b>	<b>\$0.11</b>	<b>\$0.15</b>
<b>Weighted average common shares outstanding – basic and diluted</b>	<b>67,026,885</b>	<b>53,976,328</b>	<b>62,991,541</b>	<b>53,000,187</b>

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)*

Six months ended June 30,	2023	2022
<b>Cash flows from the following activities:</b>		
<b>Operating activities:</b>		
Net loss for the year	\$(6,630,949)	\$(8,021,527)
Adjustment for:		
Amortization (notes 6 & 7)	64,418	32,172
Stock-based compensation	244,985	864,881
Accrued interest and accretion (note 9)	648,400	371,155
Foreign exchange loss/ (gain)	(101,876)	51,589
Non-cash items:		
Prepaid expenses and receivables	380,553	87,555
Accounts payable and accrued liabilities	(463,356)	(948,276)
<b>Net cash used in operating activities</b>	<b>(5,857,825)</b>	<b>(7,562,451)</b>
<b>Financing activities:</b>		
Shares issued for private placement (note 11)	4,256,753	1,397,657
Less share issue costs (note 11)	(67,150)	(67,701)
Promissory notes (note 9)	900,000	2,510,500
Lease payments (note 10)	(35,225)	-
<b>Net cash provided by financing activities</b>	<b>5,054,378</b>	<b>3,840,456</b>
<b>Investing activity:</b>		
Purchase of property and equipment (note 6)	-	-
<b>Net cash used in investing activities</b>	<b>-</b>	<b>-</b>
<b>(Decrease) in cash</b>	<b>(803,447)</b>	<b>(3,721,995)</b>
<b>Cash – beginning of year</b>	<b>1,473,768</b>	<b>4,522,657</b>
<b>Cash – end of year</b>	<b>\$670,321</b>	<b>\$800,662</b>

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

# AURANIA RESOURCES LTD.

## NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

For the three and six months ended June 30, 2023 (Unaudited)

(Expressed in Canadian Dollars)

### 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. 1800 – 8 King Street East, Toronto, ON M5C 1B5.

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 8 for more information.

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. 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.

As at June 30, 2023 the Company had current assets \$809,230 (December 31, 2022 - \$1,993,230) to fund current liabilities of: accounts payable and accrued liabilities of \$1,235,319 (December 31, 2022 - \$1,669,411), and long-term liabilities of \$8,539,108 (December 31, 2022 - \$7,716,345). Further, the Company had an accumulated deficit of \$95,881,823 (December 31, 2022 - \$91,520,949) and working capital deficit of \$426,089 (December 31, 2022 - surplus \$323,819).

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. STATEMENT OF COMPLIANCE

These 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. These Financial Statements do not conform in all respects to the requirements of International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB") for annual financial statements. Accordingly, these Financial Statements should be read in conjunction with the Company's annual December 31, 2022 financial statements which can be found on the Company's SEDAR+ profile at [www.sedarplus.ca](http://www.sedarplus.ca) and are also available on the Company's website <http://www.aurania.com>.

# **AURANIA RESOURCES LTD.**

## **NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS (Unaudited)**

For the three and six months ended June 30, 2023

(Expressed in Canadian Dollars)

### **3. BASIS OF PRESENTATION**

#### **Basis of measurement**

These 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 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.

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 are the same as those described in the Company's most recent annual financial statements, which can be found on the Company's SEDAR+ profile at [www.sedarplus.ca](http://www.sedarplus.ca) and are also available on the Company's website <http://www.aurania.com>.

### **4. SIGNIFICANT ACCOUNTING POLICIES**

The accounting policies applied in these Financial Statements are based on IFRS policies issued and outstanding as of the date the Board of Directors approved these interim financial statements being August 24, 2023. The same accounting policies and methods of computation are followed in these Financial Statements as those applied in note 4 – Significant Accounting Policies of the Company's most recent annual consolidated financial statements for the year ended December 31, 2022.

#### **New and Amended IFRS standards recently adopted**

Effective January 1, 2023, the Company adopted the following amendments. These new standards and changes did not have any material impact on the Company's condensed interim consolidated financial statements.

**IAS 1 – Presentation of Financial Statements ("IAS 1")** was amended in January 2020 to provide a more general approach to the classification of liabilities under IAS 1 based on the contractual arrangements in place at the reporting date. The amendments clarify that the classification of liabilities as current or



## **AURANIA RESOURCES LTD.**

### **NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS (Unaudited)**

For the three and six months ended June 30, 2023

(Expressed in Canadian Dollars)

noncurrent is based solely on a company's right to defer settlement at the reporting date. The right needs to be unconditional and must have substance. The amendments also clarify that the transfer of a company's own equity instruments is regarded as settlement of a liability, unless it results from the exercise of a conversion option meeting the definition of an equity instrument. In February 2021, the IASB issued 'Disclosure of Accounting Policies' with amendments that are intended to help preparers in deciding which accounting policies to disclose in their financial statements.

**IAS 8 – Accounting Policies, Changes in Accounting Estimates and Error (“IAS 8”)** In February 2021, the IASB issued 'Definition of Accounting Estimates' to help entities distinguish between accounting policies and accounting estimates.

**IAS 12 – Income Taxes (“IAS 12”)** In May 2021, the IASB issued 'Deferred Tax Related to Assets and Liabilities Arising from a Single Transaction' that clarifies how entities account for deferred tax on transactions such as leases and decommissioning obligations.

## **5. 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 June 30, 2023 was a deficiency of \$8,661,933 (December 31, 2022 – deficiency of \$7,032,256). 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 six months ended June 30, 2023.

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.

### Capital raises

On May 19, 2023 the Company closed a non-brokered private placement financing for 9,253,811 units priced at \$0.46 per unit, each consisting of one common share and one full warrant, the warrant having an exercise price of \$0.75 per warrant and expiration dates of March 23, 2026, April 25, 2026 and May 19, 2026. See note 13 – Warrants for expiration breakdown.

### **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 the six months ended June 30, 2023.

### 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

## AURANIA RESOURCES LTD.

### NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS (Unaudited)

For the three and six months ended June 30, 2023

(Expressed in Canadian Dollars)

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.

#### 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 June 30, 2023, the Company had available cash of \$670,321 (December 31, 2022 – \$1,473,768) to settle current liabilities of \$1,235,319 (December 31, 2022 – \$1,669,411). Also, the Company has long-term liabilities of \$8,539,108 (December 31, 2022 – \$7,716,345). See note 9 – Promissory notes.

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 18 – Commitments and contingencies, the Company is obligated to the following contractual maturities of undiscounted cash flows as at June 30, 2023:

In Canadian \$ equivalents	Carry amount	Contractual cash flows	July 1, 2023 to June 30, 2024	Thereafter
Accounts payable and accrued liabilities	\$ 1,178,849	\$ 1,178,849	\$ 1,178,849	\$ -
Promissory note 2017 (note 9)	543,846	633,661	-	633,661
Promissory note 2019 (note 9)	3,804,029	4,384,435	-	4,384,435
Promissory note March 2022 (note 9)	1,377,419	1,644,703	-	1,644,703
Promissory note June 2022 (note 9)	871,095	1,041,096	-	1,041,096
Promissory note July 2022 (note 9)	868,410	1,038,411	-	1,038,411
Promissory note June 2023 (note 9)	900,000	2,041,753	-	2,041,753
Lease liabilities (note 10)	230,773	274,396	70,875	203,521
<b>Total</b>	<b>\$ 9,774,421</b>	<b>\$ 12,237,304</b>	<b>\$ 1,249,724</b>	<b>\$ 10,987,580</b>

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 2023 to further advance exploration at the Project, to meet ongoing financial obligations and discharge the Company's liabilities, in the normal course of business. Different funding sources are being considered 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.

## AURANIA RESOURCES LTD.

### NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS (Unaudited)

For the three and six months ended June 30, 2023

(Expressed in Canadian Dollars)

(i) Interest rate risk

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) Foreign currency risk

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 exchange risk derived from currency conversions is best served by not hedging its foreign exchange risk. At June 30, 2023 and December 31, 2022, 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	June 30, 2023	December 31, 2022
Cash	\$10,499	\$126,806
Accounts payable, accrued liabilities and promissory notes	(9,432,723)	(7,280,509)
Net exposure	\$(9,422,224)	\$(7,153,703)

#### 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 June 30, 2023 and December 31, 2022, the Company was not a metals commodity producer.

#### Sensitivity analysis

At June 30, 2023 and 2022, 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 June 30, 2023 approximates their fair value. The fair value of the long-term promissory notes at June 30, 2023 is approximately \$7,642,569. This was estimated based on discounting the promissory notes at an estimated discount rate of 15% - 20% 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 June 30, 2023 by \$942,222 (at December 31, 2022 – \$715,000). A 10% weakening of the Canadian dollar against the same would have had an equal but opposite effect.

## AURANIA RESOURCES LTD.

### NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS (Unaudited)

For the three and six months ended June 30, 2023

(Expressed in Canadian Dollars)

#### 6. PROPERTY & EQUIPMENT

	Leasehold Improvements	Field Equipment	Furniture and Fixtures	Computer Equipment	Total
<b>COST</b>					
At December 31, 2022	27,545	135,614	8,399	186,805	358,363
Additions	-	-	-	-	-
At June 30, 2023	27,545	135,614	8,399	186,805	358,363
<b>ACCUMULATED DEPRECIATION</b>					
At December 31, 2022	(11,293)	(91,044)	(3,249)	(132,268)	(237,854)
Additions	(1,037)	(10,369)	(379)	(15,251)	(27,036)
At June 30, 2023	(12,330)	(101,413)	(3,628)	(147,519)	(264,890)
<b>NET BOOK VALUE</b>					
At December 31, 2022	16,252	44,570	5,150	54,537	120,509
At June 30, 2023	\$15,215	\$34,201	\$4,771	\$39,286	\$93,473

#### 7. RIGHT OF USE ASSETS

The Company has certain leases related to an office and warehouse for the operations in Toronto. The leases are for a term ending December 31, 2026.

<b>Right of Use Assets</b>	
Initial adoption (October 1st, 2022)	\$254,746
<b>Accumulated Depreciation ROU</b>	
Balance December 31, 2022	(14,985)
Amortization	(29,970)
Balance June 30, 2023	(44,955)
<b>Net Book Value</b>	
At December 31, 2022	239,761
At June 30, 2023	209,791

#### 8. 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, 2016 and subsequently registered before the Mining Registry of the Mining and Non-Renewable Natural Resources Regulation and Control Agency in compliance with the Mining Law. The concessions are valid for 25 years, renewable for a subsequent 25-year period, provided that the concessions are maintained in good standing.

Regulation for Mineral concessions have not changed and continue to be as described in note 8 (a) – Mineral concessions and obligations of the Company's annual December 31, 2022 financial statements which can be found on the Company's SEDAR+ profile at [www.sedarplus.ca](http://www.sedarplus.ca) and are also available on the Company's website <http://www.aurania.com>.

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The concession fees paid, potential future fee obligations and expenditure commitments are set out below.

Initial Exploration Phase			
Year	Annual concession fee (USD)	Expenditure Required (USD)	Actual Expenditure (USD)
1 (2017)	\$1,973,198 <sup>1</sup>	\$1,038,820 <sup>2</sup>	\$3,354,497
2 (2018)	2,004,923 <sup>1</sup>	2,077,640 <sup>2</sup>	4,396,820
3 (2019)	2,046,475 <sup>1</sup>	2,077,640 <sup>2</sup>	5,116,155
4 (2020)	2,077,640 <sup>1</sup>	2,077,640 <sup>2</sup>	8,627,136
5 (2021)	2,077,640 <sup>1</sup>	2,077,640 <sup>2</sup>	12,820,134
6 (2022)	2,207,493 <sup>1</sup>	2,077,640 <sup>2</sup>	5,364,089
7 (2023)	2,337,345 <sup>1</sup>	2,077,640 <sup>5</sup>	<sup>3</sup>
Estimated 8 (2024)	<sup>4</sup>	<sup>4</sup>	<sup>3</sup>

<sup>1</sup> Paid

<sup>2</sup> Requirement satisfied.

<sup>3</sup> Reported by March 31 of the following year.

<sup>4</sup> During 2023, the Company will evaluate the concessions and may not renew those of lower geological interest. At this time, the Company does not know the combination of concessions advancing to Advanced Exploration and those to be released, which may result in an increase or decrease in the amounts to be paid.

<sup>5</sup> 2023 amounts are estimated maximum Required Expenditures that assumes the current number of concessions are maintained and a continuing fee of USD10.00 per hectare.

#### 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 15 – 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, President, and largest shareholder of the Company.

## PERU

### Mineral concessions in Peru

At June 30, 2023, the Company's land position in Peru consists of a total of 94 concessions covering 93,300Ha in northern Peru.

- The Company decided to withdraw the applications pending to be verified by local authorities, keeping the 94 concessions already granted.
- The corresponding accrual for concession fees was cancelled, presented as a benefit in explorations cost.
- The annual concession fee of USD3.00 per hectare required to keep the concessions in good standing was covered with the credits from rejected mineral property applications from previous years, available to be applied in the INGEMMET for concessions fees.

## AURANIA RESOURCES LTD.

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- At this time, the Company has no current plans to perform additional exploration on the project in Peru, and is considering alternatives to further this project, including potential joint venture opportunities.

#### 9. PROMISSORY NOTES

##### Promissory Note 2017 - Mineral Concessions Loan ("MCL1")

On March 20, 2017, Dr. Keith Barron, a related party of the Company by virtue of the fact that he is the Chairman, the President and Chief Executive Officer, a promoter and a principal shareholder of the Company, advanced USD2,000,000 (\$2,671,600 at an exchange rate of 1.3358 USD/CAD) by way of a promissory note to the Company. USD1,000,000 (\$1,208,600) was repaid on May 29, 2021; USD217,168 (\$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, 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 Company 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 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 six months ended June 30, 2023 and the year ended December 31, 2022	2023	2022
<b>Balance, beginning of year</b>	<b>\$550,945</b>	\$511,689
Interest rate benefit recognized as shareholder contribution	<b>(34,613)</b>	(71,056)
Accretion expense	<b>39,974</b>	77,824
Foreign exchange translation gain	<b>(12,460)</b>	32,488
<b>Balance, end of period</b>	<b>\$543,846</b>	\$550,945

##### Promissory Note issued in April 2019

On April 22, 2019, Dr. Barron, advanced USD3,000,000 (\$4,005,900 at an exchange rate of 1.3353 USD/CAD) by way of a promissory note to the Company. The loan is unsecured, 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 Company and as such that portion of the promissory loan considered to represent that benefit is recorded in equity as a shareholder contribution.

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. The amount of the benefit is then recognized over the life of the promissory note as an accretion expense.

## AURANIA RESOURCES LTD.

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For the three and six months ended June 30, 2023

(Expressed in Canadian Dollars)

For the six months ended June 30, 2023 and the year ended December 31, 2022		
	2023	2022
<b>Balance, beginning of year</b>	<b>\$3,850,516</b>	\$3,532,223
Interest rate benefit recognized as shareholder contribution	(264,255)	(467,424)
Accretion expense	304,909	547,751
Foreign exchange translation gain	(87,141)	237,966
<b>Balance, end of period</b>	<b>\$3,804,029</b>	\$3,850,516

#### Promissory Notes issued in 2022

During year 2022, Dr. Barron, advanced a total of three loans to the Company in the following dates and amounts:

- March 11, 2022 – USD1,187,500 (\$1,510,500 at an exchange rate of 1.2720 USD/CAD)
- June 10, 2022 – \$1,000,000
- July 29, 2022 – \$1,000,000

The loans are unsecured, bear interest at 2% per annum and mature upon notice of twelve months and one day from the Lender. IFRS requires that where an interest rate is below the market rate, estimated at 20%, there is deemed to be a benefit to the Company and as such that portion of the promissory loans considered to represent that benefit is recorded in equity as a shareholder contribution. The loans become repayable on the day following the one-year anniversary of Dr. Keith Barron requesting repayment. The accretion on the promissory notes will be accounted for as a shareholder contribution until such time that the repayment is requested by the Lender. The amount of the benefit is then recognized over the life of the promissory notes as an accretion expense.

For the six months ended June 30, 2023 and the year ended December 31, 2022		
	2023	2022
<b>Initial carrying amount</b>	<b>\$3,112,767</b>	\$2,983,925
Interest rate benefit recognized as shareholder contribution	(267,811)	(334,846)
Accretion expense	303,517	379,492
Foreign exchange translation gain	(31,548)	84,196
<b>At June 30, 2023</b>	<b>\$3,116,925</b>	\$3,112,767

#### Promissory Note issued in June 2023

On June 14, 2023, the Company announced that the Board of Directors approved a loan from Dr. Keith Barron (the "Lender"), a related party of the Company by virtue of the fact that he is the Chairman, the President and Chief Executive Officer, a promoter and a principal shareholder of the Company for \$2,000,000. As at June 30, 2023, Dr. Barron had advanced an aggregate of \$900,000. The loan is unsecured, bears interest at 2% per annum and matures upon notice of twelve months and one day from the Lender. IFRS requires that where an interest rate is below the market rate, estimated at 20%, there is deemed to be a benefit to the Company and as such that portion of the promissory loan considered to represent that benefit is recorded in equity as a shareholder contribution. The accretion on the promissory note will be accounted for as a shareholder contribution once the full amount is received and until such time that the repayment is requested by the Lender. The amount of the benefit is then recognized over the life of the promissory note as an accretion expense.

## AURANIA RESOURCES LTD.

### NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS (Unaudited)

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#### 10. LEASE LIABILITIES

Lease Liabilities	
<b>Balance at December 31, 2022</b>	<b>\$258,586</b>
Interest expense	7,412
Payments	(35,225)
<b>Lease liabilities as at June 30, 2023</b>	<b>\$230,773</b>
Lease Liabilities	
	June 30, 2023
Current lease liability at year end	<b>\$56,470</b>
Non-current lease liability at year end	<b>174,304</b>
<b>Lease liabilities as at June 30, 2023</b>	<b>\$230,774</b>

The Company used a discount rate of 6% in determining the present value of lease payments.

#### 11. SHARE CAPITAL

Authorized share capital at June 30, 2023 and December 31, 2022 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 June 30, 2023 is 67,471,737 (December 31, 2022 – 58,217,926). During the six months ended June 30, 2023, the Company completed the following:

(i) **Private placement financing**

On May 19, 2023 the Company closed the previously announced (March 13, 2023) non-brokered private placement financing for 9,253,811 units priced at \$0.46 per unit (the "Issue Price"), completed in three tranches in the months of March 2023, April 2023 and May 2023 for total gross proceeds of \$4,256,753.20. Each unit consisted of one common share and one full warrant, the warrant having an exercise price of \$0.75 per warrant and expiring 36 months after the closing date of the applicable tranche. The Company paid commissions to certain finders of an aggregate of \$24,036 in cash and 52,252 finder warrants. Each finder warrant entitles the holder to purchase one unit at the Issue Price and is exercisable for a period of thirty-six (36) months from the closing of the corresponding tranche.

Dr. Keith Barron, the Chief Executive Officer, President, director, promoter and a significant shareholder of the Company subscribed for 7,413,236 units of this offering. The aggregate cash paid for regulatory and legal costs was \$67,150. A value of \$1,310,730 has been assigned to warrants using the Black-Sholes option pricing model for each tranche using the following assumptions: expected dividend yield of 0%, an expected life of 3 years, an expected volatility of 96.71%, 96.41% and 95.96%, respectively, and a risk free rate of 3.46%, 3.64% and 4.01%, respectively. Volatility is based on the historical trading of the Company's shares.

#### 12. 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. Stock options generally vest 1/3 annually.



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### NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS (Unaudited)

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(Expressed in Canadian Dollars)

- (i) For the six months period ended June 30, 2023, an aggregate of \$212,620 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.
- (ii) The following summarizes the stock options activity during the six months ended June 30, 2023:

	Number of Options	Weighted Average Exercise Price	Estimated Fair Value
<b>Balance – December 31, 2022</b>	<b>4,119,500</b>	<b>\$2.31</b>	<b>\$6,653,877</b>
Granted	2,101,568	\$0.33	484,300
Expired	(1,246,000)	\$2.93	(2,243,129)
Stock-based compensation expense	-	-	212,620
<b>Balance – June 30, 2023</b>	<b>4,975,068</b>	<b>\$2.03</b>	<b>\$5,107,667</b>

- (iii) The following summarizes the stock options outstanding at June 30, 2023:

Issued Number of Options	Exercisable Number of Options	Exercise Price	Expiry Date	Estimated Fair Value
24,000	24,000	3.40	16-Jan-24	60,960
77,000	77,000	2.97	28-Jun-24	170,940
480,000	480,000	2.70	24-Oct-24	900,601
125,000	125,000	3.16	7-Feb-25	295,000
460,000	460,000	3.51	17-Nov-25	909,419
100,000	100,000	3.25	22-Dec-25	182,500
200,000	200,000	3.21	25-Jan-26	377,860
53,568	53,568	0.46	11-Apr-26	15,000
58,000	58,000	0.33	30-Jun-26	11,600
40,000	40,000	2.51	1-Jul-26	59,640
1,170,000	780,000	0.84	30-Jun-27	391,185
162,500	54,167	0.84	4-Jul-27	42,404
35,000	11,667	0.84	18-Aug-27	8,102
1,990,000	663,333	0.33	30-Jun-28	457,700
<b>4,975,068</b>	<b>3,126,735</b>			<b>3,882,911</b>

The weighted average contractual life remaining for stock options as at June 30, 2023 is 3.75 years (December 2022 – 2.91 years).

#### 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 six months ended June 30, 2023:

	Number of RSUs	Weighted Average Fair Value	Estimated Fair Value
<b>Balance – December 31, 2022</b>	<b>57,800</b>	<b>\$3.46</b>	<b>\$157,330</b>
Cancelled RSUs	(21,000)	\$3.46	(26,946)
Stock-based compensation expense	-	-	32,365
<b>Balance – June 30, 2023</b>	<b>36,800</b>	<b>\$3.46</b>	<b>\$162,749</b>

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The weighted average contractual life remaining for RSUs at June 30, 2023 is 1.85 years (December 31, 2022 – 2.35 years). The RSUs were not included in the computation of diluted net loss per share for the periods presented as they are anti-dilutive.

#### Shares to be issued

	Number of Shares to be Issued	Weighted Average Fair Value	Estimated Fair Value
<b>Balance – December 31, 2022</b>	<b>334,100</b>	<b>\$2.89</b>	<b>\$979,814</b>
<b>Balance – June 30, 2023</b>	<b>334,100</b>	<b>\$2.89</b>	<b>\$979,814</b>

Shares to be Issued are Restricted Share Units (“RSUs”) that have fully vested but where the related shares are yet to be issued. There was no change during the six months ended June 30, 2023.

### 13. WARRANTS

The following summarizes the warrants and agents’ warrants activity and outstanding warrants and Agents’ warrants for the six months ended June 30, 2023:

	Number of Warrants/ Agents’ Options	Weighted Average Exercise Price	Estimated Fair Value
<b>Balance – December 31, 2022</b>	<b>14,625,792</b>	<b>\$2.08</b>	<b>\$5,715,767</b>
Issued warrants private placement	9,253,811	\$0.75	1,282,217
Finders warrants (exercisable into units)	52,252	\$0.75	7,354
<b>Balance – June 30, 2023</b>	<b>23,931,855</b>	<b>\$1.56</b>	<b>\$7,005,338</b>

#### Outstanding warrants

Expiry date	Number of Warrants	Exercise Price
April 1, 2024	2,507,000	\$4.25
April 1, 2024	150,420	4.25
April 1, 2024	403,709	4.25
March 28, 2024	1,586,653	1.25
March 30, 2024	410,000	1.25
November 29, 2024	2,417,166	0.75
December 22, 2024	1,829,442	0.75
March 23, 2026	7,818,505	0.75
April 25, 2026	1,262,855	0.75
May 19, 2026	224,703	0.75
October 21, 2026	3,835,250	2.20
October 21, 2026	230,115	2.20
October 21, 2026	1,256,037	2.20
<b>Balance – June 30, 2023</b>	<b>23,931,855</b>	<b>\$1.56</b>

No warrants were exercised during the six months ended June 30, 2023.

# AURANIA RESOURCES LTD.

## NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS (Unaudited)

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### 14. 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 six months ended June 30,	2023	2022
Salary - corporate <sup>(1)</sup>	\$106,935	\$504,598
Salary - technical <sup>(2)</sup>	111,191	115,152
Director and advisor fees <sup>(3)</sup>	-	30,000
Stock-based compensation for key management <sup>(4)</sup>	151,424	306,492
<b>Total key management compensation expense</b>	<b>\$369,550</b>	<b>\$956,242</b>

(1) Salary - corporate includes 100% CFO fees.

(2) Salary - technical includes 100% of the compensation paid to the Vice President, Exploration.

(3) Director's fees are \$15,000 per annum, per director or \$3,750 per quarter. The Directors agreed to receive all of their director fees in the form of stock options in lieu of cash for the year 2023

(4) This figure is the estimated fair value expense of vested stock options and RSUs granted to key management and directors during the six months ended June 30, 2023 and 2022.

### 15. EXPLORATION EXPENSE

	Three months ended June 30,		Six months ended June 30,	
	2023	2022	2023	2022
<b>ECUADOR</b>				
<b>GEOLOGY/FIELD:</b>				
- Salaries, benefits	\$223,219	\$166,612	\$443,118	\$598,737
- Camp costs, equipment, supplies	41,013	106,738	132,175	282,452
- Project management	45,923	46,994	111,191	98,276
- Travel, accommodation	18,210	42,080	69,691	76,892
- Office (Quito, Macas)	8,492	9,377	15,214	24,146
- Environment, health & safety	40,850	53,642	98,963	141,439
- Water	20,056	15,582	34,876	31,887
- Drilling	23,085	-	475,210	-
<b>GEOCHEMISTRY</b>	<b>2,369</b>	<b>59,876</b>	<b>21,633</b>	<b>111,050</b>
<b>EXPERT CONSULTANTS</b>	<b>260</b>	<b>59,859</b>	<b>31,319</b>	<b>99,885</b>
<b>OTHER TECHNICAL STUDIES</b>	<b>-</b>	<b>25,469</b>	<b>-</b>	<b>25,469</b>
<b>CORPORATE SOCIAL RESPONSIBILITY – fees, travel, supplies</b>	<b>127,503</b>	<b>90,326</b>	<b>250,931</b>	<b>200,825</b>
<b>LEGAL AND OTHER FOR CONCESSIONS</b>	<b>15,689</b>	<b>15,739</b>	<b>15,689</b>	<b>26,685</b>
<b>CONCESSION MAINTENANCE – permits</b>	<b>-</b>	<b>-</b>	<b>3,165,349</b>	<b>2,776,966</b>
<b>Total exploration – Ecuador &amp; Canada</b>	<b>\$566,669</b>	<b>\$692,294</b>	<b>\$4,865,359</b>	<b>\$4,494,709</b>
<b>PERU</b>				
- Costs related to concession fee applications	\$(140,206)	\$377,056	\$(139,998)	\$378,729
- Technical Consulting	14,500	16,204	14,500	17,496
- Travel, accommodation	404	(5,090)	404	1,415
- Legal	4,875	16,068	4,875	30,652
<b>Total exploration – Peru</b>	<b>\$(120,427)</b>	<b>\$404,238</b>	<b>\$(120,219)</b>	<b>\$428,292</b>
<b>TOTAL EXPLORATION EXPENSE</b>	<b>\$446,242</b>	<b>\$1,096,532</b>	<b>\$4,745,140</b>	<b>\$4,923,001</b>

## AURANIA RESOURCES LTD.

### NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS (Unaudited)

For the three and six months ended June 30, 2023

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#### 16. 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 six months ended June 30, 2023 and 2022:

- (a) During the six months ended June 30, 2023, the Company incurred \$nil (2022 - \$72,000) 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.
- (b) 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 six months ended June 30, 2023:
  - I. \$nil (2022-\$21,750) was recharged to U3O8 Corp. whose President, CEO and Director, Dr. Richard Spencer was also Aurania's President and Director, until his departure in January 2022, and Dr. Keith Barron, Director, Chairman and CEO of Aurania was also Chairman and Director of U3O8 Corp. At June 30, 2023 \$nil remained receivable (June 30, 2022-\$21,750).
  - II. \$nil (2022 - \$nil) 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, Aurania's former President and Director served on the board of directors of Firestone Ventures Inc. At June 30, 2023, \$nil remained receivable (June 30, 2022-\$1,805).
  - III. \$nil (2022 - \$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. At June 30, 2023, \$nil remained receivable (June 30, 2022-\$281).

For other related party transactions, see note 8 – Mineral property interests, note 9 – Promissory notes, note 11 – Share Capital, note 14 – Key management compensation expense and note 19 – Subsequent events.

#### 17. SEGMENTED INFORMATION

At June 30, 2023, the Company's operations comprised one business segment engaged in mineral exploration and three operating segments – Ecuador, Switzerland, and Peru. Cash of \$664,672 (December 31, 2022 - \$1,433,767) is held in a Canadian chartered bank, \$1,318 (December 31, 2022 - \$34,469) being held in a chartered bank in Ecuador, \$1,681 (December 31, 2022 - \$1,729) being held in a chartered bank in Switzerland and the balance of \$2,650 (December 31, 2022 - \$3,803) being held in a chartered bank in Peru.

#### 18. 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.

##### Service costs and consulting agreements

The Company is party to certain management contracts. At June 30, 2023 these contracts contain minimum commitments of approximately \$356,416 and additional contingent payments of up to approximately \$543,017 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.

## **AURANIA RESOURCES LTD.**

### **NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS (Unaudited)**

**For the three and six months ended June 30, 2023**

*(Expressed in Canadian Dollars)*

On June 30, 2022, the Company entered into a corporate services agreement for a fractional CFO. The Company is paying \$220/hour on a monthly basis for wages based on hours worked. The term of the agreement has been renewed until December 15, 2023. Monthly services have been approximately \$13,000 per month.

On July 9, 2021, the Company announced that it has retained Alpha Bronze, LLC. ("Alpha Bronze") to provide certain investor relations services. Under the terms of the agreement, the Company will pay Alpha Bronze a monthly fee of USD5,500 (\$7,425 at an exchange rate of 1.35 USD/CAD) for a period of 12 months and grant Alpha Bronze 40,000 stock options with a term of five years, and an exercise price of \$2.52. This contract was renewed for another 12 months period.

In September 2022, the Company entered into a four-year term office lease agreement with monthly fees starting at \$5,245 increasing to \$5,673 through the term of the lease, and a storage fixed monthly fee of \$623. See note 10 – Lease liabilities.

#### **19. SUBSEQUENT EVENTS**

##### **Promissory Note issued in June 2023**

Subsequent to June 30, 2023, and as of the date of these Financial Statements, the Lender furthered additional \$700,000 for an aggregate balance of \$1,600,000 of the total loan amount of \$2,000,000 described on note 9 – Promissory Notes above.

##### **Exploration Project in France**

Subsequent to June 30, 2023, the Company applied for an exploration license in the Brittany Peninsula of northwestern France through a wholly-owned French subsidiary. The Company applied for a 51km<sup>2</sup> exploration permit in the vicinity of a major shear zone called South Armorican Shear (Cisaillement Sud Armorican).