

**AURANIA RESOURCES LTD.**

**ANNUAL INFORMATION FORM**  
**FOR THE FISCAL YEAR ENDED DECEMBER 31, 2019**

**August 21, 2020**

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## DEFINITIONS

**“2017 Unit”** has its meaning assigned to it in the section entitled *“General Development of the Business – History – Financings”* hereof.

**“2018 Unit”** has its meaning assigned to it in the section entitled *“General Development of the Business – History – Financings”* hereof.

**“2019 Unit”** has its meaning assigned to it in the section entitled *“General Development of the Business – History – Financings”* hereof.

**“Advanced Exploration”** has its meaning assigned to it in the section entitled *“4. Property Description and Location – 4.2 Ecuadorian Mining Law – 4.2.1 Mineral concessions in Ecuador – 4.2.1.2 Term”* hereof.

**“AIF”** means annual information form.

**“ALS”** means ALS Global.

**“AMIS”** means standards labeled African Mineral Standards of South Africa.

**“AMP”** means Annual Minimum Production.

**“ARCA”** means Regulatory Agency of Water Control and *“Agencia de Regulacion y Control del Agua”*.

**“ARCOM”** means Mining Regulation and Control Agency under MENRNR.

**“Aurania” or the “Corporation”** means Aurania Resources Ltd.

**“Author”** means Robert Page, Ph.D., P.Geol., Senior Associate Geologist at WGM.

**“Board”** means board of directors of Aurania.

**“BV”** means Bureau Veritas.

**“CEO”** means chief executive officer.

**“Certificate of Availability of Water”** means (*“Certificado de Disponibilidad de Caudal”*).

**“CIM”** means Canadian Institute of Mining, Metallurgy and Petroleum.

**“CIM Standards”** means Canadian Institute of Mining, Metallurgy and Petroleum Standards for Reporting of Mineral Resources and Reserves: Definitions and Guidelines.

**“Coangos”** means SolGold PLC’s Coangos project.

**“Commission”** means Securities and Exchange Commission.

**“Common Shares”** means common shares of Aurania.

**“Copperbelt”** means Central African Copperbelt.

**“Constitution”** means the Constitution of 2008 of the Republic of Ecuador, the supreme law of the Republic of Ecuador.

**“Crunchy Hill”** means a gold-silver target located within the Project.

**“CSR”** means corporate social responsibility.

**“Economic Evaluation”** has its meaning assigned to it in the section entitled *“4. Property Description and Location – 4.2 Ecuadorian Mining Law – 4.2.1 Mineral concessions in Ecuador – 4.2.1.2 Term”* hereof.

**“Ecuasolidus”** means Ecuasolidus, S.A., the wholly owned subsidiary of Aurania.

**“Effective Date”** means December 21, 2019.

**“EIA”** means environmental impact assessment.

**“EMP”** means environmental management plan.

**“Environmental License”** means environmental license and *“Licencia Ambiental”*.

**“ER”** means environmental registration and *“Registro Ambiental”*. The ER file number for the Project is MAE-RA-2017-304737.

**“ESTMA”** means Extractive Sector Transparency Measures Act.

**“Exploitation”** has its meaning assigned to it in the section entitled *“4. Property Description and Location – 4.2 Ecuadorian Mining Law – 4.2.1 Mineral concessions in Ecuador – 4.2.1.2 Term”* hereof.

**“Financial Statements”** means the audited annual consolidated financial statements.

**“G.I.T.”** means Geologist in Training.

**“GPS”** means global position system.

**“Indicated Mineral Resource”** is that part of a Mineral Resource for which quantity, grade or quality, densities, shape and physical characteristics can be estimated with a level of confidence sufficient to allow the appropriate application of technical and economic parameters, to support mine planning and evaluation of the economic viability of the deposit. The estimate is based on detailed and reliable exploration and testing information gathered through appropriate techniques from locations such as outcrops, trenches, pits, workings and drill holes that are spaced closely enough for geological and grade continuity to be reasonably assumed.

**“Inferred Mineral Resource”** is that part of a Mineral Resource for which quantity and grade or quality can be estimated on the basis of geological evidence and limited sampling and reasonably assumed, but not verified, geological and grade continuity. The estimate is based on limited information and sampling gathered through appropriate techniques from locations such as outcrops, trenches, pits, workings and drill holes.

**“INGEMMET”** is the Geological Mining and Metallurgical Institute, a Specialized Public Technical Agency of the Energy and Mines Sector of Peru.

**“Impact on Water Certificate”** means the *“Certificado de no Afectacion del Agua”*.

**“Industry Guide 7”** means the Commission’s Industry Guide 7 under the United States Securities Act of 1933, as amended.

**“Initial Exploration”** has its meaning assigned to it in the section entitled *“4. Property Description and Location – 4.2 Ecuadorian Mining Law – 4.2.1 Mineral concessions in Ecuador – 4.2.1.2 Term”* hereof.

**“Kluane”** means Kluane Drilling Ecuador S.A.

**“Lost Cities – Cutucú Project” or “Project”** means the Lost Cities – Cutucú Project, the chief mineral property of the Corporation as described in this AIF.

**“MCD”** has its meaning assigned to it in the section entitled *“General Development of the Business – History – Financings”* hereof.

**“MCL Note”** has its meaning assigned to it in the section entitled *“General Development of the Business – History – Financings”* hereof.

**“MD&A”** means Management’s discussion and analysis.

**“Measured Mineral Resource”** is that part of a Mineral Resource for which quantity, grade or quality, densities, shape and physical characteristics are so well established that they can be estimated with confidence sufficient to allow the appropriate application of technical and economic parameters, to support production planning and evaluation of the economic viability of the deposit. The estimate is based on detailed and reliable exploration, sampling and testing information gathered through appropriate techniques from locations such as outcrops, trenches, pits, workings and drill holes that are spaced closely enough to confirm both geological and grade continuity.

**“MENRRR”** means the Ministry of Energy and Non-Renewable Natural Resources.

**“Metron”** means Metron Incorporated.

**“Mineral Reserves”** are those parts of Mineral Resources which, after the application of all mining factors, result in an estimated tonnage and grade which, in the opinion of the Qualified Person(s) making the estimates, is the basis of an economically viable project after taking account of all relevant processing, metallurgical, economic, marketing, legal, environment, socio-economic and government factors. Mineral Reserves are inclusive of diluting material that will be mined in conjunction with the Mineral Reserves and delivered to the treatment plant or equivalent facility. The term “Mineral Reserves” need not necessarily signify that extraction facilities are in place or operative or that all governmental approvals have been received. It does signify that there are reasonable expectations of such approvals.

**“Mining Law”** means the mining laws of Ecuador.

**“MPX”** means MPX Geophysics, Ltd.

**“N”** means North.

**“NGOs”** means non-governmental organizations.

“**NI 43-101**” means National Instrument 43-101 – *Standards of Disclosure for Mineral Projects*.

“**NSR**” means net smelter return.

“**OREAS**” means standards labelled Ore Research & Exploration Pty Ltd. of Australia.

“**Permit to Use Water**” means the “*Permiso de Aprovechamiento Productivo de Agua*”.

“**PGO**” means Professional Geoscientists of Ontario.

“**P.Geo**” means Professional Geoscientist.

“**Ph.D**” means Doctor of Philosophy.

“**Probable Mineral Reserve**” is the economically mineable part of an Indicated Mineral Resource and, in some circumstances, a Measured Mineral Resource demonstrated by at least a preliminary feasibility study. This study must include adequate information on mining, processing, metallurgical, economic and other relevant factors that demonstrate, at the time of reporting, that economic extraction can be justified.

“**Promissory Note**” has its meaning assigned to it in the section entitled “*Interests of Management and Others in Material Transactions – Promissory Note*” hereof.

“**Protected Forests**” means Ecuador’s protected forests which are natural areas that can be comprised of public, private, and community-owned lands and were created to manage and protect river basins and forests.

“**Proven Mineral Reserve**” is the economically mineable part of a Measured Mineral Resource, a Proven Mineral Reserve implies a high degree of confidence in the modifying factors.

“**PSAD**” means Provisional South American Datum.

“**Q**” means quarter.

“**QA/QC**” means quality assurance and quality control.

“**QSP**” means quartz-sericite-alteration.

“**Qualified Person**” or “**QP**” as defined in National Instrument 43-101 is an engineer or geoscientist with at least five years of experience in mineral exploration, mine development or operation or mineral project assessment, or any combination of these; has experience relevant to the subject matter of the mineral project and the technical report; and is in good standing with a professional association and, in the case of foreign association, is of recognized stature with that organization.

“**Rights Offering**” has its meaning assigned to it in the section entitled “*General Development of the Business – History – Financings*” hereof.

“**Risk Factors**” has its meaning assigned to it in the section entitled “*Risk Factors*”.

“**RTP**” means Reduction to Pole.

“**SENAGUA**” means Ecuador’s National Secretariat of Water.

“SMP” means social management plan.

“SolGold” means SolGold PLC.

“SPOT” means Satellite for observation of Earth.

“Stand-By Commitment” has its meaning assigned to it in the section entitled “Interests of Management and Others in Material Transactions – Rights Offering” hereof.

“State” means the Ecuadorian State.

“Technical Report” or “Report” means the technical report entitled “A Technical Review of the Lost Cities – Cutucú Exploration Project, Morona-Santiago Province, Ecuador for Aurania Resources Ltd.”, prepared by Robert Page, Ph.D, P.Geo, Senior Associate Geologist at WGM, dated February 4, 2020 and effective December 21, 2019.

“TMI” means Total Magnetic Intensity.

“TOBAR” means the Quito-based law firm of TOBAR ZVS SPINGARN, Ecuadorian counsel to Aurania.

“TSXV” means the TSX Venture Exchange.

“TWG” means Technical Water Group.

“U.S.” means United States.

“VAT” means value added tax.

“VeriDaas” means VeriDaas Corporation.

“WGM” means Watts Griffis & McOuat Ltd.

“Yawi” means a target for gold and silver located within the Project.

Abbreviations of technical terms and conventions adopted from the Technical Report and used in this AIF

The following list shows the meaning of the abbreviations for technical terms used throughout the reproduced portions of the Technical Report.

Abbreviation	Meaning
“%”	weight %
“AA”	atomic absorption
“Ag”	silver
“amsl”	above mean sea level
“Au”	gold

<b>Abbreviation</b>	<b>Meaning</b>
<b>“blanks”</b>	barren material used as a check on sample preparation and geochemical assay procedures
<b>“Blbs”</b>	billion pounds
<b>“cm”</b>	centimetre(s)
<b>“CRD”</b>	carbonate replacement deposits
<b>“DDH”</b>	diamond drill hole
<b>“DEM”</b>	digital elevation model
<b>“eTh”</b>	equivalent thorium
<b>“eU”</b>	equivalent uranium
<b>“g/t”</b>	grams of metal per tonne
<b>“Ha”</b>	hectare(s)
<b>“ICP”</b>	inductively coupled plasma
<b>“ICP-MS”</b>	Inductively coupled plasma mass spectrometry
<b>“HTW”</b>	H-thin wall
<b>“IOCG”</b>	iron oxide copper gold
<b>“K”</b>	potassium
<b>“km”</b>	kilometre(s)
<b>“km<sup>2</sup>”</b>	square kilometre(s)
<b>“m”</b>	metre(s)
<b>“Moz”</b>	million ounces
<b>“MVT”</b>	Mississippi Valley type
<b>“NAD83”</b>	1983 North American Datum
<b>“NTW”</b>	N-thin wall
<b>“oz/ton”</b>	Troy ounce per tonne
<b>“Pb”</b>	lead
<b>“pH”</b>	potential hydrogen – a measure of acidity and alkalinity



Abbreviation	Meaning
“PIMA”	portable infra-red mineral analyzer
“ppb”	parts per billion
“ppm”	parts per million
“PVC”	polyvinyl chloride
“QSP”	quartz-sericite-pyrite
“quarter core”	cutting the remaining core in half again and taking half of that
“RQD”	rock-quality designation
“standards”	geochemical reference material
“SWIR”	short wavelength infrared
“t”	metric tonne(s)
“tpd”	tons per day
“UTM”	Universal Transverse Mercator
“VMS”	volcanogenic massive sulphide
“Zn”	Zinc

## INTRODUCTION

Reference is made in this AIF to the audited annual consolidated financial statements (the “Financial Statements”) and MD&A for Aurania Resources Ltd. (“Aurania” or the “Corporation”) for the fiscal years ended December 31, 2019 and 2018.

The Financial Statements are available on SEDAR at [www.sedar.com](http://www.sedar.com) and on [www.aurania.com](http://www.aurania.com). Unless otherwise specified, all financial information in this AIF is prepared in accordance with International Financial Reporting Standards (“IFRS”), and references to “US\$” are to United States dollars, and references to “\$” or “Cdn\$” are to Canadian dollars. As at the date of this AIF, the rate of exchange between the US\$ and the CAD\$ was 1 US\$ = 1.32 CAD\$.

Unless otherwise indicated, information in this AIF is presented as at August 21, 2020.

## FORWARD-LOOKING STATEMENTS

Except for statements of historical fact relating to the Corporation, certain information contained in this AIF constitutes “forward-looking information” under Canadian securities legislation. These statements

relate to future events or the Corporation's future performance. All statements other than statements of historical fact are forward-looking statements. Often, but not always, forward-looking statements can be identified by the use of words such as "plans", "expects", "is expected", "budget", "scheduled", "estimates", "continues", "forecasts", "projects", "predicts", "intends", "anticipates" or "believes", or variations of, or the negatives of, such words and phrases or state that certain actions, events or results "may", "could", "would", "should", "might" or "will" be taken, occur or be achieved. Forward-looking statements involve known and unknown risks, uncertainties and other factors, which may cause actual results to differ materially from those anticipated in such forward-looking statements. The forward-looking statements in this AIF speak only as of the date of this AIF or as of the date specified in such statement.

Inherent in forward-looking statements are risks, uncertainties and other factors beyond Aurania's control or ability to predict. Please also refer to the risk factors listed in the "Risk Factors" section. Readers are cautioned that the list of risks is not exhaustive of the factors that may affect the forward-looking statements, and that the underlying assumptions may prove to be incorrect. Actual results and developments are likely to differ, and may differ materially, from those expressed or implied by the forward-looking statements contained in this AIF.

Forward-looking statements involve known and unknown risks, uncertainties and other factors which may cause Aurania's actual results, performance or achievements to be materially different from any of its future results, performance or achievements expressed or implied by forward-looking statements. All forward-looking statements herein are qualified by this cautionary statement. Accordingly, readers should not place undue reliance on forward-looking statements. The Corporation undertakes no obligation to update publicly or otherwise revise any forward-looking statements whether as a result of new information or future events or otherwise, except as may be required by law. If the Corporation does update one or more forward-looking statements, no inference should be drawn that it will make additional updates with respect to those or other forward-looking statements, unless required by law.

In addition, all disclosure contained herein concerning plans for the Lost Cities – Cutucú Project as set forth under the heading "Material Mineral Properties" are subject to the assumptions and qualifications set forth in the Lost Cities – Cutucú Project Technical Report (as defined herein), which is incorporated herein by reference.

#### Cautionary Note to United States Investors Concerning Estimates of Mineral Reserves and Mineral Resources

This AIF has been prepared in accordance with the requirements of the securities laws in effect in Canada, which differ in certain material respects from the disclosure requirements of United States securities laws. The terms "Mineral Reserve", "Proven Mineral Reserve" and "Probable Mineral Reserve" are Canadian mining terms as defined in accordance with Canadian NI 43-101 and the CIM Standards adopted by the CIM Council, as amended. These definitions differ significantly from the definitions in the disclosure requirements promulgated by the Commission and contained in Industry Guide 7. In particular, under Industry Guide 7 standards, a "final" or "bankable" feasibility study is required to report Mineral Reserves, the three-year historical average price is used in any Mineral Reserve or cash flow analysis to designate Mineral Reserves and the primary environmental analysis or report must be filed with the appropriate

governmental authority. In addition, Industry Guide 7 applies different standards in order to classify mineralization as a mineral reserve. As a result, the definitions of Proven Mineral Reserves and Probable Mineral Reserves used in NI 43-101 differ from the definitions used in Industry Guide 7. Under Commission standards, mineralization may not be classified as a mineral reserve unless the determination has been made that the mineralization could be economically and legally produced or extracted at the time the mineral reserve determination is made. Among other things, all necessary permits would be required to be in hand or the issuance must be imminent in order to classify mineralized material as mineral reserves under the Commission's standards. Accordingly, Mineral Reserve estimates contained in this AIF may not qualify as mineral reserves under Commission standards. In addition, the terms "Mineral Resource", "Measured Mineral Resource", "Indicated Mineral Resource" and "Inferred Mineral Resource" are defined in and required to be disclosed by NI 43-101. However, the Commission does not recognize Mineral Resources and United States companies are generally not permitted to disclose Mineral Resources of any category in documents they file with the Commission. Investors are cautioned not to assume that any part or all of the mineral deposits in these categories will ever be converted into Mineral Reserves as defined in NI 43-101 or Industry Guide 7. Further, Inferred Mineral Resources have a great amount of uncertainty as to their existence, and great uncertainty as to whether they could be extracted economically or legally. Under Canadian rules, estimates of Inferred Mineral Resources may not form the basis of feasibility or prefeasibility studies. Investors are cautioned not to assume that all or any part of an Inferred Mineral Resource exists or is economically or legally mineable, or that all or any part of Measured Mineral Resources, Indicated Mineral Resources, or Inferred Mineral Resources will ever be upgraded to a higher category. In addition, disclosure of "contained ounces" in a Mineral Resource is permitted disclosure under Canadian regulations. In contrast, the Commission only permits United States companies to report mineralization that does not constitute Mineral Reserves by Commission standards as *in situ* tonnage and grade, without reference to unit measures. Investors are cautioned that information contained in this AIF may not be comparable to similar information made public by United States companies subject to the reporting and disclosure requirements under the United States federal securities laws and the rules and regulations of the Commission thereunder.

## CORPORATE STRUCTURE

### Name, Address and Incorporation

Aurania was incorporated pursuant to the Companies Act 1981, Bermuda, on June 26, 2007. On February 18, 2011, the Corporation registered extra-provincially in the Province of Ontario, Canada. The Corporation's head office is at 36 Toronto Street, Suite 1050, Toronto, Ontario, Canada, M5C 2C5.

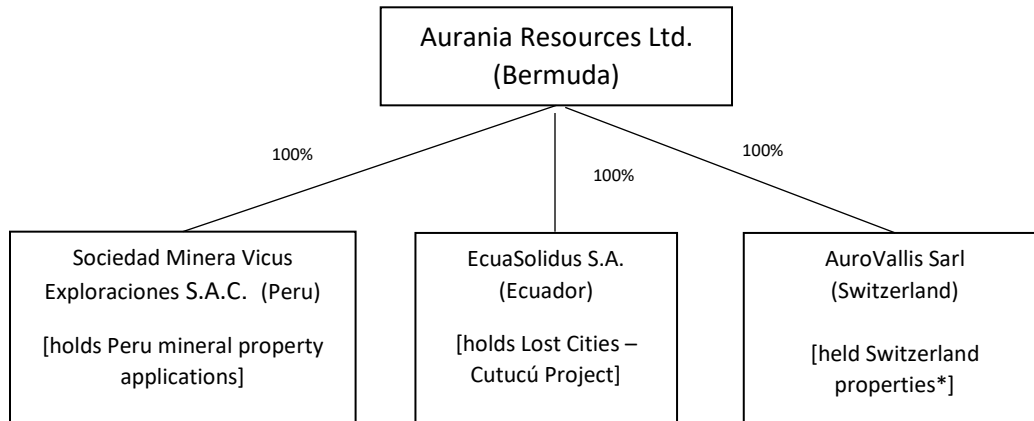
The Corporation is a reporting issuer under applicable securities legislation in British Columbia, Alberta and Ontario. Aurania's common shares are listed on the TSX Venture Exchange ("TSXV") under the symbol "ARU", on the Frankfurt Exchange under the symbol "20Q" and on the OTCQB Venture Market under the symbol "AUIAF".

### Intercorporate Relationships

Set forth below is a corporate organizational chart of Aurania, its material subsidiaries and investee companies as of the date of this AIF and their respective jurisdictions of incorporation. The Corporation is a Bermuda-based exploration Corporation, listed on the TSXV, the Frankfurt Exchange and the OTCQB

Venture Market with projects in Ecuador, Peru and Switzerland. The consolidated operations of the Corporation and its subsidiaries are referred collectively in this AIF as the “Corporation” or “Aurania”.

**Aurania Resources Ltd.’s Structure.**



\* In the second quarter of 2019 the Company reported that it is in process of relinquishing its properties in Switzerland and dissolving AuroVallis Sarl. The Company expenses its exploration and property costs on an ongoing basis.

## GENERAL DEVELOPMENT OF THE BUSINESS

### Disclosure

Unless otherwise specified, all disclosure of a scientific or technical nature contained in this AIF has been prepared or reviewed by Dr. Richard Spencer, President and Director, who is a registered Professional Geoscientist in Ontario (P.Geo) and is registered as a Chartered Geologist (CGeol) in the UK, and is a “Qualified Person” for the purposes of National Instrument 43-101, Standards of Disclosure for Mineral Projects of the Canadian Securities Administrators.

### Three Year History

#### 2017

During the year Aurania, completed the acquisition of EcuaSolidus, S.A. (“ESA”), thereby securing the rights to explore a grassroots opportunity in Ecuador – the “Lost Cities – Cutucú Project” or the “Project” - consisting of 42 mineral concessions covering 207,764 hectares (“Ha”). To complete this acquisition, satisfy certain related escrow conditions and fund the first stage exploration program, the Corporation completed a \$6.4 million equity financing on April 20, 2017.

To facilitate the acquisition of the interest in ESA, on February 27, 2017 the Corporation, Keith Barron, and the ESA entered into the ESA Purchase Agreement. Prior to acquisition of the issued and outstanding common shares of ESA by the Corporation in May of 2017, ESA was a private Corporation with a majority ownership held by Dr. Keith Barron, who is also the chairman, CEO, a director and principal shareholder of the Corporation.

During 2017, Aurania completed interpretation of satellite imagery and undertook a heliborne magnetic and radiometric survey over the 2,080 square kilometre (“km<sup>2</sup>”) project area. Airborne magnetic and radiometric surveys were used by other companies to define many of the porphyry copper-gold and copper deposits along-trend in the Cordillera del Condor, which provides valuable guidance for the interpretation of the new data from the Lost Cities – Cutucú Project.

The Corporation established its corporate, technical and in-country leadership by hiring, as President, Dr. Richard Spencer, an exploration geologist with extensive experience in Ecuador who had held senior management roles elsewhere in South America. Jean Paul Pallier was employed as Vice President - Exploration. The requisite geologists and technicians were recruited locally in Ecuador, and the reconnaissance team was augmented with members of local communities who were provided in-house training as field assistants. The reconnaissance exploration program started in the latter half of the year and was planned to continue through 2020. The main thrust of the reconnaissance work consisted of stream sampling and rock chip sampling. These results, in combination with those from the heliborne geophysical survey, were used to identify targets for more detailed investigation and potential scout drilling. In 2017 this program identified five epithermal targets for gold-silver mineralization and one porphyry copper target.

Ahead of advancing its work on the ground, the Corporation implemented a comprehensive community engagement (or corporate social responsibility “CSR”) program through which discussions with communities were initiated. These discussions centred on the nature of the work program, its potential impact on the communities, and on access to explore the land controlled by each community. Integral to this was the establishment a CSR team from the local communities. A field office was established in the town of Macas, located near the northwest corner of the Project, which was staffed with a suitably qualified team of local administration personnel who support the exploration and CSR teams.

In March 2017, a total of USD\$1,973,198 (\$2,727,812) was paid in concession fees to the Ecuador government. Concession fees are a key part of maintaining the 42 concessions that constitute the Lost Cities – Cutucú Project in good standing.

Dr. Richard Spencer was appointed to the Board.

## 2018

During 2018, the reconnaissance program successfully covered approximately 40% of the Project area. By the end of the year the following targets had been identified:

- Eleven epithermal-style targets with potential for gold-silver mineralization;
- Four porphyry-related targets with potential for copper-silver mineralization; and
- One “manto” - style target for silver-zinc-lead mineralization.

Scout drilling was planned for routine detailed exploration of the highest priority targets. Drilling priorities for 2019 were established as follows:

- Crunchy Hill: the initial plan was to drill seven diamond drill holes of approximately 350m each, totaling approximately 2,500m; and

- Yawi A, B, C and D: more detailed exploration of the Yawi target area defined four specific targets – three of which were soil sampled and mapped. These were scheduled to be scout drilled after Crunchy Hill.

Additional target areas were undergoing detailed exploration and were priority-ranked for scout drilling. The intention was that a man-portable diamond drill rig would move sequentially from one target to the next, subject to permitting and funding availability.

The Corporation's CSR team evolved under the guidance of Toronto-based O-Trade, developing a comprehensive Social Management Plan ("SMP") to manage and mitigate social risk. The SMP includes early stakeholder engagement, social impact analysis, and defines potential partnerships with the Ecuadorian government. Specifically, the Corporation works with the ministries of the Environment, Health, Agriculture and Education, in addition to its normal-course interaction with the Ministry of Energy and Non-Renewable Resources ("MENRRR"). All strategies implemented by the Corporation recognize and honour human and indigenous rights. Consequently, formal access agreements were negotiated with 70% of the communities that lie within the Project area. Improved access for the Corporation's exploration teams has benefitted five communities directly and nine indirectly. The exploration team has created over 350 part-time work opportunities, equitably distributed across the 36 communities that have granted access and has engaged 21 local suppliers to provide consumables and services, such as transportation. The Corporation is investing in education on basic sanitation and water purification methods. To date over 500 families have benefitted from the training program.

Operations in 2018 were funded partly through a \$4 million private placement, a further \$2 million from the exercise of warrants and stock options and a \$2.6 million convertible debenture.

In March 2018, a total of USD\$2,004,923 (\$2,612,433) was paid in concession fees to the Ecuador government. Concession fees are a key part of maintaining the 42 concessions that constitute the Lost Cities – Cutucú Project in good standing.

There were no significant acquisitions made during the year and no significant changes were made to the Corporation's business, apart from a shift in emphasis on different target areas on the basis of exploration results throughout the year from the on-going exploration program.

During the year Mr. Alfred Lenarciak was appointed to the Board.

## 2019

### Exploration

#### **Reconnaissance exploration:**

Reconnaissance exploration was completed over 51% of the 207,764Ha concession area of the Project. This program resulted in the definition of the following targets:

- 20 epithermal targets for gold and silver;
- Sedimentary-hosted high-grade copper-silver in sporadic exposures through thick jungle cover over 23 kilometers ("km") of strike.
- 8 targets for intrusive-related copper; and

- Silver-zinc-lead mineralization with barite in sporadic outcrops along a trend of 15km.

#### **Geophysics:**

64 individual targets were identified in geophysical data from the Project for potential intrusive-related copper. 31 of these targets were identified as high-priority for follow-up and eight of these have been field-checked and show evidence of copper-mineralization and/or intense alteration.

#### **Follow-up exploration:**

The following epithermal gold-silver targets were mapped to refine the nature of the targets:

- Two new targets at Yawi (Yawi E and F);
- An area west of Crunchy Hill;

The following epithermal targets were soil sampled to determine if they warranted scout drilling:

- Yawi E and F;
- Apai;

Sediment-hosted copper-silver targets: The focus was on determining the continuity of mineralization within specific sedimentary layers through mapping and soil sampling in the Tsenken target area:

- Intrusive-related copper targets: The Tsenken N3 target was systematically soil sampled and mapped in preparation for potential scout drilling with an ultra-light weight rig.

#### **Scout drilling:**

Crunchy Hill - scout drilling was conducted between March and May, 2019, with nine diamond drill holes completed for 3,204m. In February, 2020, an additional bore hole (CH-010) was drilled to a depth of 401m to test a target at greater depth than originally drilled.

Yawi – a total of 3,010m were drilled in 7 scout drill holes between October 24, 2019 and February 8, 2020:

- Target A: two holes (YW-001 and 002) were completed for 1,093m;
- Target B: three holes (YW-003, 006, and 007) were completed for a total of 1,053m; and
- Target C: two holes (YW-004 and 005) were drilled for a combined 864m.

#### **Other exploration initiatives:**

Metron: On June 28, 2019, the Corporation announced that it had contracted Metron Incorporated (“Metron”) to assist in the search for the “Lost Cities” (in particular the 16th Century historically documented mining sites of Logroño and Sevilla) by applying Bayesian Search Theory to the historic and scientific exploration data from the Project. An early update on this approach was provided on September 26, 2019. The principal objective of the work is to identify geographic areas with the highest likelihood of containing the Lost Cities. An additional objective is to extend this mathematical approach to the Corporation’s exploration data to identify targets that may have been overlooked in conventional exploration analysis techniques.

LiDAR: A contract was signed with VeriDaas on July 16, 2019 to undertake a detailed LiDAR survey of the whole Project area. Operational problems with VeriDaas’ equipment led to the signing of a separate contract with MPX Geophysics to fly heliborne LiDAR over seven priority target areas on February 3, 2020 and data acquisition was completed on March 8, 2020.

## Corporate Social Responsibility

Formal access agreements have been signed with 70% of the communities in the Project area, providing access to 60% of its surface area, and discussions with other communities are on-going.

## Environment & Water

Revegetation of the drill platforms was completed at Yawi and was signed-off by the Ministry of the Environment in May, 2020, subsequent to year-end. Application for the water-use permits required for scout drilling, has been made for 39 off-take points near high-priority targets that are being prepared for scout drilling.

Subsequent to year-end, on March 10, 2020, the Corporation received ISO14001 accreditation for the environmental aspects of its exploration.

## Mineral Property Interests

### **Mineral Concessions Ecuador - payment of 2020 fees:**

Subsequent to year-end, between March 11 and 12, 2020, a total of USD\$2,077,640 (\$2,847,352) was paid in concession fees to the Ecuadorian government. Concession fees are a key part of maintaining the 42 concessions that constitute the Project, in good standing.

### **Mineral Concession - fees in Peru and Advance for Mineral Property Interests**

The Corporation made payments totalling approximately \$2.4 million to the Peruvian Mining and Metallurgical Geological Institute "INGEMMET" for the application of up to 552 mining concessions. 419 mining concession applications are currently in progress and 19 of the concession applications were rejected. Of the total advanced, \$1,948,402 was expensed related to the applications in progress and those rejected. A balance of \$463,268 is being held with INGEMMET and can be applied to future applications.

## Finance

During the year ended December 31, 2019 the Corporation:

- On March 8, 2019, raised \$5,254,666 through the issuance of 1,946,172 common shares by way of a Rights Offering;
- On January 28, 2019, converted a USD\$2.0 million convertible debt, owned by the Chairman, CEO and principal shareholder ("Principal Shareholder") of the Corporation, into 877,192 common shares;
- Extended the maturity date on a \$569,828 Promissory Note to the Chairman, CEO and Principal Shareholder to May 29, 2020;
- On April 22, 2019, entered into a USD\$3,000,000 Shareholder Loan with the Chairman, CEO and Principal Shareholder of the Corporation. The loan is unsecured, has a term of two years and bears interest at a rate of 2% per annum. As this rate of interest is considered as being below the market rate, Accounting Standards require that the benefit of the interest rate difference is recorded in equity as a shareholder contribution, with the benefit being accreted over the life



of the loan. The loan was used to advance the Corporation's exploration strategy in both Ecuador and Peru;

- On September 20, 2019, the Corporation completed a two-tranche 1,651,875 unit non-brokered private placement for gross proceeds of \$4.46 million. Each \$2.70 unit consisted of one share and one-half common share purchase warrant. Each full warrant is exercisable into one common share at \$4.00 per common share for a period of 18 months;
- Raised \$5.5 million through the exercise of 1,807,177 share purchase warrants and 65,000 stock options; and
- Subsequent to the year-end the Corporation raised a total of \$6.4 million by completing a three-tranche private placement with a group of strategic investors by issuing 2,087,139 at \$3.10 units. Each unit consisted of one share and one-half common share purchase warrant: each full warrant is exercisable into one common share at \$4.25 per common share for a period of 18 months.

### Corporate

The Corporation appointed Mr. Warren Gilman, Mr. Jonathan Kagan and Dr. Leanne Baker to the Board at the Corporation's Annual and Special Meeting. Directors Elaine Ellingham, Gerald Harper and Marvin Kaiser did not stand for re-election.

Subsequent to the year-end Mr. Alfred Lenarciak, independent director since June 2018, was appointed as Lead director.

Subsequent to the year-end Ms. Carolyn Muir was promoted to VP Investor Relations.

### Project Update

The following table sets out a summary of material developments since the end of year ended December 31, 2019 as disclosed in the Corporation's news releases issued during this period.

<b>COPPER TARGETS</b>		
<b>TSENKEN N3</b>	<p>Follow-up exploration has encountered copper enrichment in soils over the Tsenken N3 geophysical target. These results are consistent with Tsenken N3 being a porphyry copper target like Tsenken N2 located only 1km to the southwest. Both targets lie in the central part of the Project in southeastern Ecuador.</p> <p>Next Steps:</p> <ul style="list-style-type: none"> <li>- To extend soil sampling over the remainder of the magnetic feature at Tsenken N3;</li> <li>- Continue while geological mapping of the target;</li> <li>- Prepare the Tsenken N2 and N3 targets for scout drilling with an ultra-lightweight rig that has the capacity to reach a maximum depth of 200m. Drilling is dependent on the receipt of a water-use permit. Applications have been submitted for a total of 39 water-use permits across the Project area.</li> </ul>	<p>Press release February 13, 2020</p> <p>"COPPER ENRICHMENT IN SOIL ENHANCES AURANIA'S TSENKEN N3 AS A PORPHYRY COPPER TARGET"</p>
<b>TSENKEN N2, N3 and N4</b>	<p>Soil sampling has provided evidence that the Tsenken North area contains three distinct copper targets, and that number is likely to grow as field work extends over adjacent geophysical targets.</p>	<p>Press release May 21, 2020</p> <p>"AURANIA'S TSENKEN NORTH DEVELOPING INTO A</p>

	<p>The Tsenken N3b target is an area 300 metres (“m”) long by 200m on the northern edge of the soil sampling grid with coincident, albeit modest, enrichment of molybdenum and gold in soil. The target lies between the prominent Tsenken N3 and Tsenken N4 magnetic features evident in the Corporation’s geophysics data.</p> <p>Tsenken N3a target is an “L”-shaped area approximately 1,700m long and 300m wide with two coincident areas of modest, but consistent, gold and molybdenum enrichment in soil. Iron oxides and illite (clay) alteration are also prevalent in this target area. The areas of coincident copper, gold and molybdenum are suspected to be porphyry targets; and</p> <p>The Tsenken N2 target was described in a press release issued on February 13, 2020. The area of copper enrichment in soil is 2,000m long by 300m wide over part of the Tsenken N2 magnetic feature. This target is different from the other two described above since the area in which molybdenum is moderately enriched in soil is displaced from the area of copper enrichment. Iron oxides are abundant with sericite/illite alteration. These features are consistent with the upper parts of a porphyry.</p> <p>Next Steps:</p> <ul style="list-style-type: none"> <li>- Soil sampling over the Tsenken N3 and N4 targets;</li> <li>- Continue geological and alteration mapping;</li> <li>- Preparation for scout drilling with an ultra-lightweight drill rig.</li> </ul>	<p>COMPELLING CLUSTER OF COPPER TARGETS”</p>
<p><b>TSENKEN N1</b></p>	<p>The Corporation reported grades of up to 7% copper with 55g/t silver having been found in the Tsenken N1 target area in its Lost Cities – Cutucu Project in southeastern Ecuador.</p> <p>The high-grade copper-silver at Tsenken N1 appears to be a large breccia body. This represents a relatively simple target that is likely cylindrical in shape – and this will be readied for scout drilling using an ultra-lightweight rig as soon as possible behind the drilling that is planned for the Tsenken N2 and N3 targets. We are seeing a common theme in this area: we have copper-silver in breccia, sedimentary-hosted mineralization, and also in intrusive rocks. The combination of copper with silver without significant enrichment of other metals is unusual – and hence we believe that all three “types” of mineralization are likely linked. We expect to provide further updates on the Tsenken targets as our understanding of the mineralization evolves.</p> <p>Next Steps:</p> <ul style="list-style-type: none"> <li>- More detailed geological mapping and rock-chip sampling;</li> <li>- Soil sampling;</li> <li>- Consideration of Mobile MT heliborne geophysical survey</li> <li>- Preparation for scout drilling. Drilling is expected to commence at Tsenken targets N2 and N3 prior to the end of Q3, and the N1 target to be drilled immediately thereafter.</li> </ul>	<p>Press release July 16, 2020</p> <p>“AURANIA FINDS HIGH-GRADE COPPER-SILVER AT TSENKEN TARGET IN ECUADOR”</p>
<p><b>TSENKEN A</b></p>	<p>The Corporation reported that grades of up to 10% copper with 131g/t silver have been found in a breccia in the Tsenken A target area. Tsenken A is located approximately 2km from the Tsenken N1 target. These latest results provide key information about sedimentary-hosted copper-silver at the Tsenken A target.</p> <p>High-grade copper-silver has been found in blocks in streams and in outcrop over a large area in the Tsenken A target area. Mineralization occurs in bleached layers in the red sandstone host rock, and invariably is with carbonized, fossilized plant fragments. Copper minerals include malachite, chrysocolla and tenorite with minor chalcocite.</p>	<p>Press release July 21, 2020</p> <p>“AURANIA REPORTS HIGH-GRADE COPPER-SILVER AT ANOTHER TARGET IN ECUADOR”</p>
<p><b>TSENKEN B</b></p>	<p>The Corporation reported an extensive, sedimentary-hosted high-grade copper-silver in the Tsenken B target area.</p>	<p>Press release July 30, 2020</p> <p>“AURANIA CONFIRMS EXTENSIVE, HIGH-GRADE</p>

	<p>The results reported extend from the intensely mineralized fault breccia at Tsenken A northwards over 6km. The copper-silver is hosted by sedimentary layers that contain fossilized, carbonized plant fragments within an enclosing stack of red-coloured sandstone or red beds. Copper minerals include malachite, chrysocolla, tenorite and chalcocite. Samples from sporadic outcrops that stick up through the jungle floor are distinguished from boulders found in streams and on hillsides.</p>	<p>COPPER-SILVER AT 'TSENKEN B' TARGET IN ECUADOR"</p>
<p><b>KIRUS</b></p>	<p>The Corporation reported additional sedimentary-hosted high-grade copper-silver in the Kirus target area in its Lost Cities – Cutucu Project. Sedimentary-hosted mineralization has now been found over an area of 8km by 3km, with grades of up to 6.1% copper and 51g/t silver recorded in recent sampling. This area is 6km to the south of the various Tsenken high-grade copper-silver targets.</p> <p>Additional sampling of boulders and outcrop at Kirus has doubled the size of the area over which high-grade copper-silver has been found since the initial press release on the target, dated April 9, 2019. As is the case with other sedimentary-hosted copper-silver targets identified in the Project, the principal copper-bearing minerals are malachite, chrysocolla, tenorite and chalcocite, in sedimentary layers that contain carbonized, fossilized plant fragments.</p> <p>The high-grade samples are from an area adjacent to a conspicuous, 5km diameter magnetic feature that initially drew exploration attention to the Kirus area. Intrusive and subvolcanic rocks ranging from magnetic, porphyritic basaltic-trachyandesite to monzonite have been mapped in outcrop over part of the Kirus magnetic feature. The magnetic centre is a target for copper porphyries.</p>	<p>Press release August 6, 2020</p> <p>"AURANIA EXTENDS HIGH-GRADE COPPER-SILVER ZONE AT ANOTHER TARGET IN ECUADOR"</p>
<p><b>COVID 19 IMPACT AND RESPONSE</b></p>		
<p><b>COVID 19</b></p>	<p>In response to the COVID-19 pandemic, Aurania extracted its personnel from the field in an effort to protect the health of its personnel and that of the communities in which the Corporation works.</p> <p>Situation in Ecuador - As of March 17<sup>th</sup>, Ecuador had reported 111 cases and two deaths from the virus. The Ecuadorian government moved decisively by adopting many of the policies introduced in China, such as self-isolation and aggressive limitation on movement of people, to reduce the rate of spread of new infections.</p> <p>On March 15<sup>th</sup>, Ecuador imposed an international travel ban. As of midnight Monday night, March 16<sup>th</sup>, all passenger flights, maritime and road traffic, into Ecuador were banned. This ban did not apply to cargo and commercial goods in an effort to maintain the integrity of the supply chain. Additionally, President Moreno issued a directive to limit movements of persons within the country, with a few exceptions, effective March 17<sup>th</sup>. Ecuador entered lockdown mode and except for essential service personnel and healthcare workers, persons were required to stay at home under powers implemented through a state of emergency.</p> <p>Situation in the Field - Aurania translated the advisory that Ecuador's Ministry of Health had issued, into the Shuar language of the local people and distributed the document to communities in the Cordillera de Cutucu, in which the Project is located. The advisory provided succinct information about the virus, how its spread can be mitigated, a list of symptoms, and information about whom to contact about a suspected case.</p>	<p>Press release March 18, 2020</p> <p>"AURANIA ADJUSTS OPERATIONS IN RESPONSE TO THE COVID-19 VIRUS"</p>

	<p>Aurania withdrew its personnel from the Cordillera de Cutucu and they returned to their homes just prior to the country-wide travel bans coming into effect.</p> <p>Aurania’s geologists spent the following weeks working through a backlog of geological information from the field, focusing on the interpretation of this information and the refinement of exploration targets for gold-silver and copper-silver. The work included the study of seismic and well log data from Ecuador and Peru to refine the sedimentary-hosted copper-silver targets in both countries. In addition, the LiDAR survey indicated many potential historic mining and prospecting locations in the Project area in Ecuador. These are being integrated with the airborne geophysical and stream sediment data, and known mapped geology for prioritization and ground investigation.</p> <p>The annual concession fee payment for the 42 concessions in the Lost Cities – Cutucú Project were made in advance of the March 31<sup>st</sup> deadline.</p>	
	<p>Ecuador’s Ministry of Energy and Non-Renewable Resources called for a detailed plan from resource companies defining their return-to-work protocol. These plans were reviewed by the authorities and were incorporated in the development of a general “back-to-work” protocol.</p>	<p>Press release May 1, 2020</p> <p>“AURANIA’S LIDAR DATA IDENTIFIES A SET OF VEIN-LIKE FEATURES AT THE TIRIA EPITHERMAL GOLD-SILVER TARGET”</p>
	<p>The Corporation prepared a draft “Back to Work” protocol for review by the Ministry of Energy and Non-Renewable Natural Resources, to be implemented when COVID-related restrictions are lifted in the Morona Santiago Province in which the Project lies. The detailed timing of a normalized work situation was not clear at that time.</p>	<p>Press release May 8, 2020</p> <p>“AURANIA IDENTIFIES ANOTHER POSSIBLE ANCIENT ROAD IN LIDAR DATA”</p>
	<p>The Corporation reported that field teams are operational at its Lost Cities – Cutucu Project (“Project”) in southeastern Ecuador after the partial lifting of COVID-related restrictions and will be following a comprehensive back-to-work protocol. Reopening of the field is not yet at 100%. The decision to re-open lies with the mayors of the various Cantons overlapping our concessions, and currently only 50% of our normal field personnel are permitted – in the open Cantons – legally to work. In addition, social distancing practices must be in force.</p>	<p>Press release June 24, 2020</p> <p>“AURANIA REPORTS THAT FIELD WORK IS UNDERWAY AT ITS LOST CITIES PROJECT IN ECUADOR”</p>
<b>EPITHERMAL GOLD</b>		
<p><b>YAWI</b></p>	<p>Six scout drill holes were completed on Targets A, B and C on the Yawi epithermal gold-silver target area. No significant gold-silver mineralization was intersected. However, alteration mineral and pathfinder element vectors were used to refine the target. In addition, findings at Yawi have refined Aurania’s understanding of its Crunchy Hill target and a target concept has been better defined in the area of the last hole drilled there.</p> <p>A total of 3,010m was drilled in 7 bore holes at Yawi. Bore holes have been drilled on three targets as follows:</p> <p>Target A: two holes (YW-001 and 002) were completed for 1,093m;          Target B: three holes (YW-003, 006, and 007) were completed for a total of 1,053m; and:          Target C: two holes (YW-004 and 005) were drilled for a combined 864m.</p>	<p>Press release January 30, 2020, June 1, 2020 &amp; Q1, 2020 MD&amp;A</p> <p>“AURANIA REPORTS ON SCOUT DRILLING AT YAWI GOLD-SILVER TARGET”</p>

	<p>The scout drilling determined that the pathfinder element enrichment identified in soil sampling at Yawi was related with slight enrichment in black shale units. The seven bore holes drilled at Yawi confirm a maar-diatreme environment. Alteration mineral vectors and slightly elevated silver values in holes YW-003, 6 and 7 indicate that the core of the mineralized system should lie to the southeast. Detailed field work in that area confirmed the presence of a diatreme breccia that contains fragments of epithermal quartz and copper-bearing porphyry. The exploration model for the area has been modified to focus on the margins of the diatreme as the source of the fragments plucked from the edge of the diatreme body. The diatreme also appears to have cut part of an epithermal system or, alternatively, an epithermal system may have formed at the same time as the diatreme as seen in many gold-silver deposits. CSAMT geophysics may be used in a survey over the diatreme as a means of detecting epithermal quartz, and an IP survey could be done concurrently to detect sulphides in a porphyry system.</p>	
<p><b>TIRIA</b></p>	<p>LiDAR imagery has identified a system of vein-like features that coincide with areas of silver enrichment in soil samples from the Tiria South epithermal gold-silver target. If a vein system is confirmed by follow-up field work of the imagery, the target would be the gold-bearing zone that lies at depth in a typical epithermal system.</p> <p>Stream sediment sampling identified elevated values of pathfinder elements for epithermal gold-silver in several drainage basins in Aurania’s Tiria South Target area. Subsequent soil sampling of these drainage basins, first along ridge-crests and then on a regular grid, identified several specific areas of enrichment; these are linear, typical of what would be expected from a vein system. Advancing the Tiria South target by field work alone is challenging because of the lack of outcrop beneath dense jungle cover and deeply developed soil. However, images generated from LiDAR data delineate a system of vein-like structures adjacent to a fault network, both of which correspond with enrichment of silver and pathfinder elements in soil samples.</p> <p>Next Steps - The Tiria South target will be prioritized for exploration follow-up when Aurania’s field teams return to the Project on the lifting of COVID-related restrictions in Ecuador. The plan is to do further detailed mapping and sampling, guided by the detail provided by the LiDAR imagery, along with geophysics aimed at identifying silica related to epithermal veins located beneath the 10m thick soil cover.</p>	<p>Press release May 1, 2020</p> <p>“AURANIA’S LIDAR DATA IDENTIFIES A SET OF VEIN-LIKE FEATURES AT THE TIRIA EPITHERMAL GOLD-SILVER TARGET”</p>

### LOST CITIES GOLD

<b>LOST CITIES</b>	<p>The Corporation reported that a possible road has been identified beneath deep jungle cover in LiDAR imagery in the central part of the Project. The feature that is interpreted as a very old road needs to be verified and assessed in the field by a qualified and Ecuador-registered archeologist as soon as the COVID-related restrictions are lifted in the Project area.</p> <p>Details of the Possible Road Segment - A “bare earth” image, in which the jungle cover response has been digitally removed, shows a flat area along a ridge crest in the central part of the Project area. A footpath, which is currently used by the local people, is superimposed on the broader, road-like feature that is up to 60m wide, and is interpreted to be an engineered structure built by the Colonial Spanish. LiDAR imagery of the top of the jungle canopy and SPOT satellite photography shows that the flat corridor is indistinguishable from the surrounding jungle – it appears that it is completely tree-covered, which is consistent with this being an old feature.</p>	<p>Press release May 8, 2020</p> <p style="text-align: center;">“AURANIA IDENTIFIES ANOTHER POSSIBLE ANCIENT ROAD IN LIDAR DATA”</p>
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### MINERAL CONCESSION APPLICATION - PERU

<b>PERU</b>	<p>To have the option to conduct exploration in northern Peru to determine whether a possible mineral extension of a gold-cooper mineral belt from its Project in Ecuador into Peru, Aurania registered a subsidiary in Peru, through which applications were submitted to the Peruvian Mining and Metallurgical Geological Institute “INGEMMET” for 419 concessions covering 413,200Ha. The granting process is in the hands of the Government and the Corporation does not have a timetable for this, nor is it guaranteed that all of the applications will be approved.</p> <p>Mineral concession fees in Peru are US\$3.00 per hectare per annum and the next payment will likely be due by the end of June 2021 and will be payable on the number of hectares still held at that time.</p> <p>The concession applications are divided into 20 blocks located where the sedimentary layers that are prospective for copper-silver are located either at, or near, surface. The concession areas in Peru have been extensively covered with seismic, magnetic, and gravimetric geophysical surveys undertaken by oil and mineral exploration companies, as well as by the Peruvian State. In addition, regional stream sediment sampling has been undertaken by the State over part of the area, and assays of rock-chip sampling are also available. This data is available at nominal cost from the Peruvian government. Hence, Aurania’s exploration of the concession blocks has started with a compilation of these large datasets to refine targets before any exploration is undertaken in the field.</p>	<p>Press releases January 17 &amp; May 22, 2020</p> <p style="text-align: center;">“AURANIA PROVIDES UPDATE ON APPLICATION FOR LARGE TRACT OF MINERAL CONCESSIONS IN NORTHERN PERU”</p>
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## SIGNIFICANT ACQUISITIONS

No significant acquisitions were made by the Corporation apart from the acquisition of ESA as described previously in the General Development of the Business section.

## DESCRIPTION OF BUSINESS

### General

Aurania Resources Ltd. is a Bermuda-based exploration Corporation, with common shares listed on the TSXV, the Frankfurt Stock Exchange and the OTCQB Venture Market, focused on exploration for deposits

of gold, silver, copper and other associated commodities. The Corporation's flagship project is the Lost Cities – Cutucú Project located in Ecuador, South America. The Corporation's interest is held through its ownership of the outstanding common shares of ESA. ESA was a private Corporation with a majority ownership held by Dr. Keith Barron, who is also Chairman and CEO of Aurania.

### **Principal Products**

The Corporation is a mineral exploration entity, focused on the selection, staking or acquisition of mineral properties, and upon exploration of those properties for potentially economic deposits of gold, silver, copper and other associated commodities. The Corporation does not currently produce any products. If successful in its exploration efforts, the Corporation anticipates that it would consider selling to, or joint venturing with, larger mining entities to advance some of any potentially economic discoveries made by the Corporation. Such larger entities have the requisite technical and financial resources required to bring any discovery into production. The resulting ownership entities would potentially produce products consisting primarily of gold, silver and copper. There is a global market into which any such metals could be sold, and, as a result, the Corporation is not dependent on any one purchaser with regards to the sale of any such metals produced. As an exploration enterprise, the Corporation does not earn income and produce cash flow and therefore predominately funds its operations through loans and the issuance of shares. See "Risk Factors".

### **Competitive Conditions**

The exploration and mining sector is highly competitive. The Corporation competes with numerous companies for capital, attractive mineral properties, qualified service providers, personnel, and funding. The Corporation's ability to successfully compete in these areas in the future will depend on its ability to develop, operate and produce products from its present properties and on its ability to identify and acquire suitable producing properties or prospects for development or exploration in the future. See "Risk Factors".

### **Employees**

Please See Section "COVID-19" under the heading "Risk Factors" below for a potential account of the impact of COVID-19 on the Corporation's workforce.

As of December 31, 2019, the Corporation had 50 employees (excluding non-executive directors), which includes both salaried and hourly staff, and utilized the services of several professionals on a consulting basis to carry out exploration work.

### **Specialized Skill and Knowledge**

The Corporation's business requires specialized skills and knowledge, including geological interpretation, community relations, regulatory compliance, accounting and capital markets expertise. The Corporation has found that it can locate and retain employees and consultants with such skills and knowledge. See "Risk Factors".

## Cycles

The mining business is subject to mineral price cycles. The marketability of minerals is also affected by worldwide economic cycles. Fluctuations in supply and demand in various regions throughout the world are common. Any revenue gained may be significantly affected by changes in commodity demand and prices. The Corporation's ability to fund ongoing exploration and development (if any of the Corporation's properties should be developed) may be impacted by the sale of gold, silver or copper produced by a prospective mine and the proceeds of such sales. See "Risk Factors".

## Community Engagement and Corporate Social Responsibility

Ahead of advancing its field work in the Lost Cities – Cutucú Project, the Corporation established its community engagement program, working with local communities and establishing an understanding with those communities of the work program and its potential social and environmental impacts. Integral to this initiative was the setting up a field office in Macas, Ecuador, located near the northwest corner of the Lost Cities – Cutucú Project area, and establishing and training a team derived from the local communities to manage and drive the community engagement.

The Corporation's CSR team evolved under the guidance of a Toronto-based consulting agency specializing in developing localized social corporate responsibility policies and developing a comprehensive Social Management Plan ("SMP") to manage and mitigate social risk. The SMP includes early stakeholder engagement, social impact analysis, and defines partnerships with the Ecuadorian government. Specifically, the Corporation works with the ministries of the Environment, Health, Agriculture and Education in addition to its normal-course interaction with the MENRRR. As part of the work accomplished under the SMP, formal access agreements have been established with 70% of communities that lie within the Lost Cities – Cutucú Project area.

CSR initiatives cost \$819,000 in the financial year ended December 31, 2019 (approximately 9% of field-based expenditure) and this expenditure is expected to increase as exploration activities intensify over a broader area, involving more communities.

## Environmental Protection

The Corporation's current and future operations, including development activities on its properties or areas in which it has an interest, are subject to laws and regulations governing exploration, development, tenure, production, taxes, labour standards, occupational health, waste disposal, protection and remediation of the environment, mine safety, management of toxic substances and other matters. Compliance with applicable laws and regulations requires thorough planning and diligence in the conduct of the Corporation's activities. See "Risk Factors".

Environmental protection initiatives and obligations cost \$265,000 in the financial year ended December 31, 2019 (approximately 3% of field-based expenditure) and this expenditure is expected to approximately double in 2020 as scout drilling intensifies on numerous targets. A bond of US\$40,000 has been posted to cover the potential environmental damage caused by exploration of the Project.



The Corporation's formal environmental policy aims to foment the improvement of environmental awareness while making use of natural resources and products in the most technologically advanced manner and by implementing initiatives to protect indigenous flora and fauna within the area of influence of the Project, complying with laws and regulations in Ecuador and while adopting best practices from other jurisdictions.

## RISK FACTORS

The operations of the Corporation are speculative due to the high-risk nature of its business. An investment in the securities of the Corporation entails certain risks, which should be considered carefully, including, without limitation, the risk factors set out below.

The following information is a summary only and should be read in conjunction with detailed information appearing elsewhere in this AIF, in the Corporation's management discussion and analysis for the year ended December 31, 2019 and in the Corporation's Financial Statements for the year ended December 31, 2019. These risks are not the only ones which may affect the Corporation. Additional risks and uncertainties not currently known to the Corporation, or that are currently considered immaterial, may also impair the business of the Corporation. If any such risks actually occur, the business or financial condition of the Corporation could be materially adversely affected.

### Novel Coronavirus ("COVID-19")

The Corporation'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 that was designated as a pandemic by the World Health Organization on March 11, 2020. The international response to the spread of COVID-19 has led to significant restrictions on travel, temporary business closures, quarantines, global stock market volatility, and a general reduction in consumer activity. Such public health crises can result in operating, supply chain and project development delays and disruptions, global stock market and financial market volatility, declining trade and market sentiment, reduced movement of people and labour shortages, and travel and shipping disruption and shutdowns, including as a result of government regulation and prevention measures, or a fear of any of the foregoing, all of which could affect commodity prices, interest rates, credit risk and inflation. 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 Corporation's operations and ability to finance its operations.

The Corporation may experience business interruptions, including suspended (whether government mandated or otherwise) or reduced operations relating to COVID-19 and other such events outside of the Corporation's control, which could have a material adverse impact on its business, operations and operating results, financial condition and liquidity.

As at the date of this AIF, the duration of the business disruptions internationally and related financial impact of COVID-19 cannot be reasonably estimated. It is unknown whether and how the Corporation may be affected if the pandemic persists for an extended period of time.

The Corporation's exposure to such public health crises also includes risks to employee health and safety. Should an employee, contractor, community member or visitor become infected with a serious illness that has the potential to spread rapidly, this could place the Corporation's workforce at risk.

### Community Relations

The Corporation's relationships with communities near where it operates, and other stakeholders are critical to ensure the future success of Aurania's exploration and development activities on its concessions. The Corporation's mineral concessions are located near rural communities, some of which contain groups that have been opposed to mining activities in the past, which may affect the Corporation's exploration and development activities in the short and long term. Furthermore, local communities may be influenced by external entities, groups or organizations opposed to mining activities. In recent years, anti-mining non-governmental organizations (NGOs) and indigenous group activities in Ecuador have increased. These communities, NGOs and indigenous groups have taken such actions as civil unrest, road closures and work stoppages. Such actions may have a material adverse effect on Aurania's operations on its exploration activities and on its financial position and results of operations. While the Corporation is committed to operating in a socially responsible manner, there can be no assurance that the Corporation's efforts in this respect will mitigate this potential risk.

### Additional Capital

The Corporation will be subject to capital requirements associated with ongoing financing of its current assets and exploration of the properties in which the Corporation currently holds an interest. When such additional capital is required, the Corporation may need to pursue various financing transactions, expanding its operations on existing sites, and any future acquisitions or business arrangements, including equity financing, debt financing, joint ventures or by other means. The Corporation expects to require additional funds to develop the Lost Cities – Cutucú Project and explore its other projects. The Corporation's ability to meet its long-term goals is contingent upon successful completion of additional financing arrangements. The ability of the Corporation to raise such capital will depend, in part, on conditions in the capital markets at the time and its historical business performance. Failure to obtain sufficient financing may result in the delay or indefinite postponement of exploration, development or production on any or all of the Corporation's Properties, or even a loss of property interest, and would have a material adverse effect on the Corporation's business, financial condition and results of operations. In addition, debt and other mezzanine financing may involve a pledge of assets and may be senior to interests of equity holders. The Corporation may incur substantial fees and costs in pursuing future capital requirements. The ability to obtain needed financing may be impaired by a variety of factors such as the capital markets, the location of the Lost Cities – Cutucú Project in Ecuador, and commodity prices. There can be no assurance that additional capital or other types of financing will be available if needed or that, if available, the terms of such financing will be favourable to the Corporation. In addition, any future financing may be dilutive to existing shareholders of the Corporation.

### Exploration, Development and Operating Risks

Mineral exploration operations generally involve a high degree of risk. The Corporation's operations are subject to all the hazards and risks normally encountered in the exploration, development and production of gold and other minerals, including unusual and unexpected geologic formations, seismic activity, volcanic eruptions, flooding and other conditions involved in the drilling and removal of material, any of which could result in damage to, or destruction of facilities, damage to life or property, environmental damage and possible legal liability. Although comprehensive precautions to minimize risk will be taken, operations are subject to hazards which may result in environmental pollution and consequent liability.

The exploration for, and development of, mineral deposits involves significant risk which even a combination of careful evaluation, experience and knowledge may not eliminate. While the discovery of precious and base metals and other minerals may result in substantial rewards, there are few properties explored that are ultimately developed into producing mines. Major expenses may be required to locate and establish mineral reserves, to develop metallurgical processes to efficiently extract the desired minerals and metals, and to construct mining and processing facilities at a particular site. It is impossible to ensure that the exploration or development programs planned by the Corporation will result in a profitable commercial mining operation. Whether a mineral deposit will be commercially viable depends on a number of factors, some of which are: the particular attributes of the deposit, such as size, grade and proximity to infrastructure; commodity prices, which are highly cyclical; availability of labour; any delays inherent in obtaining government and or community approvals, or in the completion of development or construction activities; and government regulations, including regulations relating to prices, taxes, royalties, land tenure, land use, importing and exporting of minerals, and environmental protection. The exact effect of these factors cannot be accurately predicted but could have a material adverse effect upon the Corporation's operations.

There is no certainty that the expenditures made by the Corporation towards the search and evaluation of mineral deposits will result in discoveries of commercial quantities.

#### Instability in Ecuador

The Corporation is subject to certain risks and possible political and economic instability specific to Ecuador, arising from political unrest, labour disputes, invalidation of government orders, permits or property rights, local legal proceedings and referendums seeking to suspend mining activities, unsupportive local and regional governments, risk of corruption, military repression, war, civil disturbances, criminal and terrorist acts, hostage taking, changes in laws, expropriation, nationalization, renegotiation or nullification of existing concessions, agreements, licenses or permits and changes to monetary or taxation policies. The occurrence of any of these risks may adversely affect the mining industry and mineral exploration activities generally or the Corporation and, among impacts, could result in the impairment or loss of mineral concessions or other mineral rights. Exploration and general operations may also be affected to varying degrees by government regulations with respect to, but not limited to, restrictions on future exploitation and production, price controls, export controls, income taxes, labour and immigration, and by delays in obtaining or the inability to obtain necessary permits, opposition to mining from environmental and other non-governmental organizations, limitations on foreign ownership, expropriation of property, ownership of assets, environmental legislation, labour relations, limitations on repatriation of income and return of capital, high rates of inflation, increased financing costs and site safety. These factors may affect both Aurania's ability to undertake exploration in respect of future properties in the manner contemplated, as well as its ability to continue to explore and operate those properties in which it has an interest or in respect of which it has obtained exploration and development rights to date. Any shifts in political attitudes or changes in laws that may result in, among other things, significant changes to mining laws or any laws, regulations or policies are beyond the control of Aurania and may adversely affect its business. The Corporation faces the risk that governments may adopt substantially different policies, which might extend to the expropriation of assets or increased government participation in the mining sector. In addition, changes in resource development or investment policies, increases in taxation rates, higher mining fees and royalty payments, revocation or

cancellation of mining concession rights or shifts in political attitudes in Ecuador may adversely affect Aurania's business.

#### Uncertainty Related to Mineral Resources and Exploration Potential

Mineral resources that are not mineral reserves do not have demonstrated economic viability. Due to the uncertainty which may attach to mineral resources, there is no assurance that any future mineral resources identified on any of the Corporation's Properties, if any, will be upgraded to mineral reserves as a result of continued exploration.

There is no certainty that any future mineral resources on any of the Corporation's Properties, if any, will be realized. Until a deposit is actually mined and processed, the quantity of mineral resources and grades must be considered as estimates only. In addition, the economically viable quantity of mineral resources may vary depending on metal prices, among other things. Any material changes in quantity of mineral resources, grade or stripping ratio may affect the economic viability of any project undertaken by the Corporation. In addition, there can be no assurance that exploration of the mineral potential identified will result in any category of mineral resources being identified or that metal recoveries in small scale laboratory tests will be duplicated in a larger-scale test under on-site conditions or during production.

Fluctuations in precious or base metal prices, results of drilling, metallurgical testing and production and the evaluation of studies, reports and plans subsequent to the date of any estimate may require revision of such estimate. Any material reductions in estimates of mineral resources could have a material adverse effect on the Corporation's results of operations and financial condition.

#### Environmental Risks, Hazards, and Protection

The Corporation's operations may be subject to environmental regulations promulgated by government agencies from time to time. Environmental legislation provides for, among other things, restrictions and prohibitions on spills, releases or emissions of various substances produced in association with certain mineral resource industry operations, such as the generation, transport, storage and disposal of solid and hazardous waste, all of which may result in environmental pollution. Environmental legislation is evolving in a manner which will likely require stricter standards and enforcement, increased fines and penalties for non-compliance, including potential loss of title, more stringent environmental assessments of proposed projects, and a heightened degree of responsibility for companies and their officers, directors and employees.

Environmental hazards may exist on the properties on which the Corporation holds interests which are unknown to the Corporation at present and which have been caused by previous or existing owners or operators of the properties that may be conducting mining, logging, deforestation or some other activity.

There is no assurance that future changes in environmental regulation, if any, will not adversely affect the Corporation's operations. A breach of such legislation may result in the imposition of fines and penalties. In addition, certain types of operations require the submission and approval of environmental impact assessments. Environmental assessments of proposed projects carry a heightened degree of responsibility for companies and directors, officers and employees. The cost of compliance with changes in governmental regulations has potential to reduce the profitability of operations. The Corporation intends to comply fully with all environmental regulations.

The current or future operations of the Corporation, including exploration activities on its properties, require permits from various federal, state or territorial and local governmental authorities, and such operations are, and will be, governed by laws and regulations regarding exploration, development, mining, production, exports, taxes, labour standards, occupational health, waste disposal, management of toxic substances, land use, environmental protection, mine safety and other matters. Such operations and exploration activities are also subject to substantial regulation under applicable laws by governmental agencies that may require the Corporation to obtain permits from various governmental agencies. There can be no assurance, however, that all permits that the Corporation may require for its operations and exploration activities will be obtainable on reasonable terms or on a timely basis or that such laws and regulations will not have an adverse effect on any mineral exploration project which the Corporation might undertake.

Failure to comply with applicable laws, regulations and permitting requirements may result in enforcement actions thereunder, including orders issued by regulatory or judicial authorities causing operations to cease or be curtailed, and may include corrective measures requiring capital expenditures, installation of additional equipment, or remedial actions. Parties engaged in mining operations or in the exploration or development of mineral properties may be required to compensate those suffering loss or damage by reason of the mining activities and may have civil or criminal fines or penalties imposed for violations of applicable laws or regulations.

Amendments to current laws, regulations and permits governing operations and activities of mining and exploration companies, or more stringent implementation thereof, could have a material adverse impact on the Corporation and cause increases in exploration expenses, capital expenditures, or production costs, reductions in levels of production at producing properties or require abandonment or delays in development of new exploration properties. To the best of the Corporation's knowledge, it is operating in compliance with all applicable rules and regulations. To date, applicable environmental legislation has had no material financial or operational effects upon the operations of the Corporation.

### Commodity Prices

The price of the Common Shares, the Corporation's financial results and exploration and development activities may in the future be significantly and adversely affected by declines in the price of precious or base metals or other minerals. The price of gold and other precious or base metals or other minerals may fluctuate widely and are affected by numerous factors beyond the Corporation's control, such as the sale or purchase of commodities by various central banks and financial institutions, interest rates, exchange rates, inflation or deflation, fluctuation in the value of the U.S. dollar and other foreign currencies, global and regional supply and demand and the political and economic conditions and production costs of major mineral-producing countries throughout the world. Future serious price declines could cause continued development of the Corporation's Properties to be impossible. In addition, any future production from the Corporation's properties, if any, would be dependent on the price of precious and base metals and other minerals that are adequate to make these properties economic.

In addition to adversely affecting any resource estimates, if any, and the Corporation's financial condition, declining commodity prices can impact operations by requiring a reassessment of the feasibility of a particular project. Such a reassessment may be the result of a management decision or may be required under financing arrangements related to a particular project. Even if a project is ultimately determined

to be economically viable, the need to conduct such a reassessment may cause substantial delays or may interrupt operations until the reassessment can be completed.

### Infrastructure

Mining, processing, development and exploration activities depend, to one degree or another, on adequate infrastructure. Reliable roads, bridges, power sources and water supply are important determinants, which affect capital and operating costs. Unusual or infrequent weather phenomena, sabotage, government or other interference in the maintenance or provision of such infrastructure, could adversely affect the consolidated operations, financial condition and results of operations of the Corporation.

### Mining Law and Mining Concession in Ecuador

According to the 2008 Constitution of Ecuador, the Government of Ecuador owns all minerals and non-renewable natural resources within Ecuador. These minerals and resources are considered a strategic sector, which is managed, regulated, controlled and governed by the Government of Ecuador; however, the Government of Ecuador delegates mining rights to individuals or entities, by granting mining concessions for a renewable term of 25 years. The concessionaire has the exclusive right to explore, exploit, process and sell any metallic minerals within the concession. When a project is considered a large-scale mining project, prior to the commencement of the exploitation phase, the concessionaire must sign an exploitation agreement with the Government of Ecuador. Such agreement is not needed when a project is an artisanal, small or medium-scale mining project.

Once a medium or large-scale mining concession has been granted, the concessionaire shall comply with the following terms and phases:

- up to four years of Initial Exploration;
- up to four years of Advanced Exploration; and
- two years of Economic Evaluation of the deposit, which can be extended for an additional two-year period.

In order to maintain the concessions in good standing, the Corporation is required to, by March 31 in each year:

- 1) Submit annual exploration and investment reports regarding the exploration activities and investments made in the mining concession area during the previous year, together with an investment plan for the current year for each claim, along with an exploration plan and associated budget;
- 2) Pay annual concession fees ranging from USD\$9.50 to USD\$10.00 over the first four years, the amount doubling per hectare from year 5; and
- 3) Expenditure on the concessions is required to exceed the larger of USD\$5.00/hectare in years 1 and 2 of the Initial exploration phase, rising to USD\$10.00 per hectare in years 3 and 4 of the Initial exploration phase, or the amount committed to by the Corporation.

Pursuant to the Mining Law, mining concessions in Ecuador are granted for a term of up to 25 years, and which may come to an end in the following circumstances: (1) expiry of the term; (2) nullity of the mining concession title; (3) renunciation of the mining concession; and (4) termination as a result of non-compliance. The Ecuadorian Ministry of Non-Renewable Natural Resources has the right to terminate

mining concessions for certain specified causes including, but not limited to: (1) non-payment of patent fees, royalties or any other fees or taxes due under the Mining Law; (2) failure to file reports detailing exploration activity and investments; (3) failure to file reports detailing production; (4) conducting unauthorized exploitation activities or for fraudulent misrepresentation of information contained in reports submitted pursuant to the Mining Law; (5) malicious alteration of demarcation landmarks; (6) environmental damage declared in accordance with the Mining Law and the environmental regulations; (7) damage to state cultural heritage; (8) employment of underage workers; (9) failure to recirculate and treat water; (10) discharge of waste from tailings or other untreated waste from mining activities into rivers, streams, lagoons or other sites where there are risks of contamination; assignment of mining rights without the previous authorization; and (11) breach of human rights. Cure rights are available under the Mining Law to avoid the caducity of the concession. The process includes a 45-day term within which the mining concessionaire may demonstrate the compliance of the alleged breach. If the Ministry decides that there is a certain breach, it will grant a 60-day term to comply with the breached obligation.

As per the last amendments made by the Government of Ecuador, scout drilling is permitted under the initial exploration phase, but limited to 30 drilling platforms (no restriction to the number of holes per platform) per concession and 20 platforms in environmentally sensitive areas.

The national concession application process was closed in December 2017 and is expected to re-open in the fourth quarter of 2020. The closure of the concession application process was for government administrative purposes. Consequently, no new concessions may be added to the Lost Cities – Cutucú Project area at this time. Mineral concessions may be cancelled by Ecuador for various reasons, principally as a result of negligence or misrepresentation on the part of the entity which holds the concessions.

There can be no assurance that the Corporation will ultimately obtain an exploitation license to successfully execute its exploitation contract with the Government of Ecuador on terms that are favourable to the Corporation or at all. Failure to obtain an exploitation license as contemplated in the Technical Report or to successfully execute its Exploration Contract with the Government of Ecuador would have a material adverse effect on the Corporation, would likely result in a write-down of part or all of the value currently attributed to the Lost Cities – Cutucú Project and may result in a change in the focus of the Corporation's future activities.

The Mining Law is relatively new. As a result, changes in the law may occur as these new laws are implemented and may impact, both positively and negatively, the economic development of the property in the future.

### Surface Rights and Access

Although the Corporation acquires the rights to some or all of the minerals in the ground subject to the tenures that it acquires, or has a right to acquire, in most cases it does not thereby acquire all rights to, or ownership of, the surface to the areas covered by its mineral tenures. In such cases, applicable laws usually provide for rights of access to the surface for the purpose of carrying on mineral exploration activities; however, the enforcement of such rights can be costly and time consuming. In areas where there are no existing surface rights holders, this does not usually cause a problem, as there are no impediments to surface access. In some areas, however, where there are local populations or landowners, it may be necessary as a practical matter, to negotiate surface access rights or ownership.

There can be no guarantee that, despite having the legal right to access the surface and carry on mineral exploration or development activities, the Corporation will be able to negotiate a satisfactory agreement with any such existing landowners/occupiers for such access, and therefore it may be unable to carry out mineral exploration activities. In addition, in circumstances where such access is denied, or no agreement can be reached, the Corporation may need to rely on the assistance of local officials or the courts in such jurisdiction.

### Labour and Employment Matters

While the Corporation has good relations with its employees, these relations may be impacted by changes in the scheme of labour relations which may be introduced by the relevant governmental authorities in whose jurisdictions the Corporation carries on business. Adverse changes in such legislation may have a material adverse effect on the Corporation's business, results of operations and financial condition.

### Government or Regulatory Approvals

Aurania's exploration and development activities and its operations depend on its ability to obtain, maintain or renew various mineral rights, licenses, permits, authorizations and regulatory approvals (collectively, "Rights" and individually a "Right") from various governmental and quasi-governmental authorities. Government work stoppages may also impact the Corporation's ability to obtain, maintain or renew certain Rights. Aurania's ability to obtain, maintain or renew such Rights on acceptable terms and on a timely basis is subject to changes in regulations and policies and to the discretion of the applicable governmental and quasi-governmental bodies. Aurania may not be able to obtain, maintain or renew its Rights or its Rights may not be obtainable on reasonable terms or on a timely basis. It is possible that previously issued Rights may become suspended or revoked for a variety of reasons, including through government or court action. A delay in obtaining any such Rights, the imposition of unfavourable terms or conditions on any Rights or the denial of any Right may have a material adverse effect on Aurania's business, financial condition, results of operations.

### Key Talent

The Corporation is dependent on the services of key personnel, including the Chief Executive Officer and the President of the Corporation, and a small number of highly skilled and experienced executives and personnel. Due to the relatively small size of the Corporation, the loss of these persons or the Corporation's inability to attract and retain additional highly skilled employees may adversely affect its business and future operations. Growth of the Corporation's business may require additional key financial, administrative, geological and mining personnel as well as additional operations staff. There can be no assurance that the Corporation will be successful in attracting, training and retaining qualified personnel at acceptable terms or at all.

### Market Price of Common Shares

Securities of small- and mid-cap companies have experienced substantial price volatility in the past, often based on factors unrelated to the financial performance or prospects of the companies involved. These factors include macroeconomic developments in North America and globally, and market perceptions of the attractiveness of particular industries. The prevailing price of the Common Shares is also likely to be significantly affected by, among other factors discussed in this *Risk Factors*, but not limited these factors, short-term changes in precious metal, base metal, or other mineral prices, the value of the U.S. dollar and Canadian dollar against each other and other currencies, the political environment in Ecuador, and in the



Corporation's financial condition or results of operations as reflected in its financial statements. Other factors unrelated to the performance of the Corporation that may have an effect on the price of the Common Shares include the following: the extent of analytical coverage available to investors concerning the business of the Corporation may be limited if investment banks with research capabilities do not follow the Corporation's securities; lessening in trading volume and general market interest in the Corporation's securities may affect an investor's or investment bank's ability to trade significant numbers of Common Shares; the size of the Corporation's public float may limit the ability of some institutions to invest in the Corporation's securities; and a substantial decline in the price of the Common Shares that persists for a significant period of time could cause the Corporation's securities, if listed on an exchange, to be delisted from such exchange, further reducing market liquidity. If an active market for the Common Shares is not maintained, the liquidity of an investor's investment may be limited and the price of the Common Shares may decline below the price at which the Common Shares were issued or acquired; in such a case, investors may lose their entire investment in the Common Shares.

As a result of any of these factors, the market price of the Common Shares at any given point in time may not accurately reflect the value of the Corporation. Investors should be aware that the value of the Common Shares may be volatile, and investors may, on disposing of the Common Shares, realize less than their original investment or may lose their entire investment. Securities class-action litigation often has been brought against companies following periods of volatility in the market price of their securities. The Corporation may in the future be the target of similar litigation. Securities litigation could result in substantial costs and damages and divert Management's attention and resources.

### Significant Shareholder

Dr. Keith M. Barron holds approximately 48% of the issued and outstanding Common Shares as of August 21, 2020. Dr. Barron's shareholding level gives it significant influence on decisions to be made by shareholders, including the ability to influence the election of directors of the Corporation as well as the approval of future transactions requiring shareholder approval. There is a risk that the interests of Dr. Barron differ from those of other shareholders. Dr. Barron's large shareholding may also make the Corporation less attractive to third parties considering an acquisition of the Corporation if those third parties are not able to negotiate terms with Dr. Barron to support such an acquisition, including acquisitions in which holders of the Corporation's securities would otherwise receive a premium for such securities over the then-current market price. Dr. Barron's influence may have a negative effect on the Corporation's ability to enter into significant transactions, which could have a negative effect on the share price of the Corporation relative to its peers that are not subject to the influence of such a shareholder. As a result of the significant holdings of Dr. Barron, there is also a risk that the Corporation's securities are less liquid and trade at a relative discount compared to circumstances where Dr. Barron did not have the ability to influence or determine matters affecting the Corporation.

### Tax Regime in Ecuador

Tax regimes in Ecuador may be subject to differing interpretations and are subject to change without notice. The Corporation's interpretation of tax law as applied to its transactions and activities may not coincide with that of the tax authorities. As a result, the taxation applicable to transactions and operations may be challenged or revised by the tax authorities, which could result in significant additional taxes, penalties and/or interest. There is a risk that restrictions on the repatriation of earnings from Ecuador to foreign entities will be imposed in the future and the Corporation has no control over withholding tax

rates. In addition, there is a risk that laws and regulations in Ecuador may result in a capital gains tax on profits derived from the sale of shares, ownership interests and other rights, such as exploration rights, of companies with permanent establishments in the country. The Corporation will not likely be able to comply with this law as currently drafted as it does not have access to the information requested by the law. It is unknown at this time what, if any, liability the Corporation or its subsidiaries may be subject to as a result of the application of this law. There is a risk that the Corporation's access to financing may be limited as a result of the indirect taxation.

#### Measures to Protect Endangered Species

The presence of an endangered species could require the Corporation to take extraordinary measures to protect the species or to cease its activities temporarily or permanently, all of which would delay advancement of its projects and would have an adverse, potentially material, economic impact on the Corporation. Ecuador and Peru have diverse and delicate ecosystems and significant numbers of species at risk of extinction. The Governments, regional governments and NGOs are vigilant in their protection of endangered species and the existence or discovery of an endangered species at the Project could also attract NGOs and local community opposition to the Corporation's projects, which would be a further barrier to their development and could impact the Corporation's overall reputation.

#### Dependence on Single Project

The Corporation's only material property is the Lost Cities – Cutucú Project, which is an early stage exploration project. The Lost Cities – Cutucú Project is at an exploration stage and no mineral resources have yet been defined on the Project. There is uncertainty relating to defining any mineral resources and there is no assurance that any defined mineral resources will be upgraded to mineral reserves with sufficient geological continuity and extractive characteristics to make them economic.

#### Illegal Mining

The Corporation is not aware of any illegal mining in its area of operation; however, it is known to occur in other areas of Ecuador and Peru. While this activity is monitored by both the Corporation and the respected governments, any future operations of artisanal and illegal miners could interfere with Aurania's activities and could result in conflicts. The presence of illegal miners can lead to project delays and disputes regarding the development or operation of gold deposits. Illegal mining can also result in work stoppages, environmental issues and could have a material adverse effect on Aurania's results of operations or financial condition.

#### Risk Associated with an Emerging and Developing Market

The Corporation actively operates in Ecuador, which is considered an emerging market. Emerging market investments generally pose a greater degree of risk than investment in more mature market economies because the economies in the developing world are more susceptible to destabilization resulting from domestic and international developments. The Corporation's operations in Ecuador expose it to heightened risks relating to prevailing political and socioeconomic conditions which have historically included, but are not limited to: high rates of inflation; military repression; social and labour unrest; violent crime; civil disturbance, war or civil war; possible total failure of the state; extreme fluctuations in currency exchange rates; expropriation and nationalization; renegotiation or nullification of existing concessions, licenses, permits and contracts; changes in taxation policies; underdeveloped industrial and economic infrastructure; unenforceability of contractual rights; restrictions on foreign exchange and

repatriation; and changing political norms, currency controls and governmental regulations that favour or require the Corporation to award contracts in, employ citizens of, or purchase supplies from, a particular jurisdiction.

Regulators in Ecuador may have broad authority to shut down and/or levy fines against operations that do not comply with regulations or standards. In addition to factors such as those listed above, the Corporation's mineral exploration and potential future mining activities in Ecuador may also be affected in varying degrees by government regulations with respect to restrictions on production, price controls, foreign exchange controls, export controls, taxes, royalties, environmental legislation and mine safety.

Regardless of the economic viability of the Corporation's interest in the Corporation's properties, and despite being beyond the Corporation's control, such factors may prevent or restrict mining of some or all of any deposits which the Corporation may find on the Corporation's properties.

Government authorities in emerging market countries often have a high degree of discretion and at times appear to act selectively or arbitrarily, without hearing or prior notice, and sometimes in a manner that may not be in full accordance with the law or that may be influenced by political or commercial considerations. Unlawful, selective or arbitrary governmental actions could include denial or withdrawal of licenses, sudden and unexpected tax audits, forced liquidation, criminal prosecutions and civil actions. Although unlawful, selective or arbitrary government action may be challenged in court, such action, if directed at the Corporation or its shareholders, could have a material adverse effect on the Corporation's business, results of operations, financial condition and future prospects.

Companies operating in emerging markets are subject from time to time to the illegal activities of others, corruption, or claims of illegal activities. Often in these markets the bribery of officials remains common, relative to developed markets. Social instability caused by criminal activity and corruption could increase support for renewed central authority, nationalism or violence and thus materially adversely affect the Corporation's ability to conduct its business effectively. Such activities have not had a significant effect on the Corporation's operations; however, there can be no assurance that they will not in the future, in which case they could restrict the Corporation's operations, business, financial condition, results of operations and future prospects, and the value of the Corporation could be adversely affected by illegal activities by others, corruption or by claims, even if groundless, implicating the Corporation in illegal activities.

Investors in emerging markets should be aware that these markets are subject to greater risk than more developed markets, including in some cases significant legal, fiscal, economic and political risks. Accordingly, investors should exercise particular care in evaluating the risks involved in an investment in the Corporation and must decide for themselves whether, in the light of those risks, their investment is appropriate. Generally, investment in emerging and developing markets is suitable only for sophisticated investors who fully appreciate the significance of the risks involved.

### Information Technology Systems

The Corporation's information technology systems are subject to disruption, damage or failure from various causes, including, but are not limited to, computer viruses, security breaches, cyber-attacks, natural disasters and defects in design. The Corporation could also be adversely affected by system or network disruptions if new or upgraded information technology systems are defective, not installed properly or not properly integrated into the Corporation's operations. Incidents involving cyber security

are evolving and include, without limitation, malicious software, attempts to gain unauthorized access to data and other electronic security breaches that could lead to disruptions in systems, unauthorized release of confidential or otherwise protected information and the corruption of data. Various measures have been implemented to manage the Corporation's risks related to its information technology systems and network disruptions. Given the unpredictable nature, timing and scope of information technology system disruptions, however, the Corporation could potentially be subject to operational delays, the compromising of confidential or otherwise protected information, destruction or corruption of data, security breaches, other manipulation or improper use of its systems and networks or financial losses, any of which could have a material adverse effect on the Corporation's cash flows, reputation, financial condition or results of operations.

### Insurance and Uninsured Risks

The business of the Corporation is subject to a number of risks and hazards generally, including adverse environmental conditions, industrial accidents, labour disputes, unusual or unexpected geological conditions, ground or slope failures, volcanic eruptions, changes in the regulatory environment and natural phenomena such as inclement weather conditions, floods and earthquakes. Such occurrences could result in damage to mineral properties, personal injury or death, environmental damage to the Corporation's properties or the properties of others, delays in work, monetary losses and possible legal liability.

The Corporation does not currently maintain any insurance to protect against certain risks in such amounts as it considers to be reasonable, and any insurance of the Corporation obtained in the future may not cover the potential risks associated with a mineral exploration Corporation's operation. The Corporation may also be unable to maintain insurance to cover these risks at economically feasible premiums. Insurance coverage may not continue to be available or may not be adequate to cover any resulting liability. Moreover, insurance against risks such as environmental pollution or other hazards as a result of exploration and production may not be generally available to the Corporation or to other companies in the mineral exploration industry on acceptable terms. The Corporation might also become subject to liability for pollution or other hazards against which it may not be insured or which the Corporation may elect not to insure because of high premium costs or other reasons. Losses from these events may cause the Corporation to incur significant costs that could have a material adverse effect upon its financial performance and results of operations.

### Application of Anti-Bribery Laws

The Corporation is required to comply with anti-corruption and anti-bribery laws, including the Canadian *Corruption of Foreign Public Officials Act*, as well as similar laws in the countries in which the Corporation conducts its business. If the Corporation or any of its representatives becomes subject to an enforcement action or is found to be in violation of any such laws, significant penalties, fines and/or sanctions may be imposed on the Corporation, and the Corporation's global reputation could be impacted, any of which could have a material adverse effect on the Corporation.

Failure to comply with the applicable legislation and other similar foreign laws could expose the Corporation and its senior Management to civil and/or criminal penalties, other sanctions and remedial measures, legal expenses and reputational damage, all of which could materially and adversely affect the Corporation's business, financial condition and results of operations. Likewise, any investigation of any

alleged violations of the applicable anti-corruption legislation by Canadian or foreign authorities could also have an adverse impact on the Corporation's business, financial condition and results of operations.

In addition, ESTMA, which became effective June 1, 2015, requires public disclosure of payments to governments by mining and oil and gas companies engaged in the commercial development of oil, gas and minerals that are either publicly listed in Canada or with business or assets in Canada. Mandatory annual reporting is required for extractive companies with respect to payments made to foreign and domestic governments at all levels, including entities established by two or more governments. ESTMA requires reporting on the payments of any taxes, royalties, fees, production entitlements, bonuses, dividends, infrastructure improvement payments, and any other prescribed payment over \$100,000. Failure to report, false reporting or structuring payments to avoid reporting may result in fines of up to \$250,000 (which may be concurrent). If the Corporation becomes subject to an enforcement action or is in violation of ESTMA, this may result in significant penalties, fines and/or sanctions, which may have a material adverse effect on the Corporation's reputation.

### Changes in Climate Conditions

Governments are moving to introduce climate change legislation and treaties at the international, national, state/provincial and local levels. Regulation relating to emission levels (such as carbon taxes) and energy efficiency is becoming more stringent. If the current regulatory trend continues, the Corporation expects that this may result in increased costs at some of its operations. In addition, the physical risks of climate change may also have an adverse effect on the Corporation's operations. These risks include extreme weather events such as increased frequency or intensity of floods, wildfire seasons or prolonged drought which could have the potential to disrupt the Corporation's operations. Effects of climate change or extreme weather events could cause prolonged disruption to the delivery of essential commodities, which may cause the Corporation's production efficiency to be reduced.

The Corporation can provide no assurance that efforts to mitigate the risks of climate changes will be effective and that the physical risks of climate change will not have an adverse effect on the Corporation's operations and profitability.

### Legal Proceedings

Due to the nature of its business, the Corporation may be subject to numerous regulatory investigations, civil claims, lawsuits and other proceedings in multiple jurisdictions, in the ordinary course of its business. As of the date of this AIF, no civil claims, lawsuits or other legal proceedings have been lodged against the Company. The results of these legal proceedings cannot be predicted with certainty due to the uncertainty inherent in litigation, the difficulty of predicting decisions of regulators, judges and juries and the possibility that decisions may be reversed on appeal. There can be no assurances that these matters will not have a material adverse effect on the Corporation's business.

### Internal Control over Financial Reporting

Internal controls over financial reporting are procedures designed to provide reasonable assurance that transactions are properly authorized, assets are safeguarded against unauthorized or improper use and transactions are properly recorded and reported. No internal control system is able to provide complete assurance internal controls over financial reporting will prevent or detect all failures of persons within the Corporation to appropriately disclose material information required to be reported. The effectiveness of

the Corporation's controls and procedures over financial reporting could be limited by simple errors or faulty judgments. In addition, as the Corporation continues to expand, the challenges involved in implementing an appropriate system of internal control over financial reporting will increase and will require that the Corporation to continue to improve its internal controls over financial reporting. Although the Corporation intends to devote substantial time and funds, as necessary, to ensure ongoing and future compliance, the Corporation cannot be certain that it will be successful in complying with internal control regulations.

### Security Risks

The Corporation has operations in foreign countries which may present security risks such as civil unrest, war or terrorism. The Corporation may be exposed to situations or persons that may pose security threats to personnel and facilities. Loss of life, intellectual property, physical assets and reputation can have a devastating impact on the business and the workforce.

### Conflicts of Interest

To the best of the Corporation's knowledge, and other than as disclosed herein, there are no known existing or potential conflicts of interest between the Corporation and any directors or officers of the Corporation, except that certain of the directors and officers of the Corporation also serve as directors and/or officers, promoters and members of management of other public or private companies and therefore it is possible that a conflict may arise between their duties as a director or officer of the Corporation and their duties as a director, officer, promoter or member of Management of such other companies.

The directors and officers of the Corporation are aware of the existence of laws governing accountability of directors and officers for corporate opportunity and requiring disclosures by directors of conflicts of interest and the Corporation will rely upon such laws in respect of any directors' and officers' conflicts of interest or in respect of any breaches of duty by any of its directors or officers. All such conflicts will be disclosed by such directors or officers in accordance with applicable laws and they will govern themselves in respect thereof to the best of their ability in accordance with the obligations imposed upon them by law.

### Dividend Policy

No dividends on the Common Shares have been paid by the Corporation to date. Payment of any future dividends, if any, will be at the discretion of the Board after taking into account many factors, including the Corporation's operating results, financial condition and current and anticipated cash needs.

### Reputational Risk

As a result of the increased usage and the speed and global reach of social media and other web-based tools used to generate, publish and discuss user-generated content and to connect with other users, companies today are at much greater risk of losing control over how they are perceived in the marketplace. Damage to the Corporation's reputation can be the result of the actual or perceived occurrence of any number of events, and could include any negative publicity (for example, with respect to the Corporation's handling of environmental matters or the Corporation's dealings with community groups), whether substantiated or not. The Corporation places a great emphasis on protecting its image and reputation, but the Corporation does not ultimately have direct control over how it is perceived by

others. Loss of reputation and/or good will may lead to increased challenges in developing and maintaining community relations, decreased investor confidence and an impediment to the Corporation's overall ability to advance its projects, thereby having a material adverse impact on financial performance, cash flows and growth prospects.

### Going Concern

The Financial Statements have been prepared using IFRS applicable to a going concern, which assumes that the Corporation will be able to realize its assets and discharge its liabilities in the normal course of operations as they come due for the foreseeable future. The Corporation has no operating cash flow from operations and therefore must utilize its current cash reserves, income from short term investments and deposits, and other financing transactions to maintain its capacity to meet working capital requirements and planned corporate expenditures, as well as to fund the development of the Lost Cities – Cutucú Project and other exploration activities. It is not possible to predict whether adequate financing will be available in the future on acceptable terms. These material uncertainties may cast significant doubt upon the Corporation's ability to continue as a going concern and to realize its assets and discharge its liabilities in the normal course of business and accordingly, the appropriateness of the use of accounting principles applicable to a going concern. Such adjustments could be material. Although the Corporation has been successful in the past to obtain financing, there can be no assurances that the steps Management is taking, and will continue to take, will be successful in future reporting periods or that such financing will be on terms advantageous to the Corporation.

## MATERIAL MINERAL PROPERTIES

Aurania's 100% interest in the Lost Cities – Cutucú Project represents its material property. The most current Technical Report entitled "A Technical Review of the Lost Cities – Cutucu Exploration Project, Morona-Santiago Province, Ecuador", the effective date of which is December 21, 2019 and prepared by Robert Page, P.Geol. (the "Author"), an independent consultant to the Corporation and a Qualified Person under NI 43-101.

This Technical Report is incorporated by reference herein and is available on SEDAR at [www.sedar.com](http://www.sedar.com) and at Aurania's website at [www.aurania.com](http://www.aurania.com) The following summary is adopted from the summary section of the Technical Report and does not represent the entirety of the Technical Report. The reader is encouraged to refer to the full text of the Technical Report.

### SUMMARY

#### Introduction and Terms of Reference

The Technical Report (or "Report") has been prepared in accordance with the guidelines of National Instrument 43-101 ("NI 43-101") by Watts, Griffis and McOuat Limited ("WGM") Senior Associate Geologist, Robert Page, Ph.D., P.Geol., an independent consultant to the Corporation (the "Author"). Site visits were carried out by Mr. Page and WGM Associate Geologist, Robert Phillips. Mr. Page is a Qualified Person and a member of the Professional Geoscientists of Ontario ("PGO"). Mr. Phillips is not a Qualified Person and the site visit he carried out in Ecuador was done under the guidance of Mr. Page. Both are associates of Watts, Griffis and McOuat Limited.

The Technical Report provides an update on exploration carried out for the Corporation, through its wholly owned Ecuadorian subsidiary, Ecuasolidus S.A. (“Ecuasolidus”), between April 2017, when the initial NI 43-101 Technical Report by Karl John Roa was prepared (Roa, 2017). The Effective Date of the Report is December 21, 2019 (the “Effective Date”). During the last week of August 2019, Mr. Page spent 3.5 days at Aurania’s Macas field office, and half a day in Quito meeting with Aurania’s legal counsel and delivering check samples to the Bureau Veritas sample preparation facility. Mr. Phillips spent 4 days reviewing the Project at Aurania’s Macas field office, 7 days in the field visiting 12 target areas, and a half day in Quito delivering check samples to the Bureau Veritas sample preparation facility.

Owing to the large geographic scale of the Project, and limited vehicular access to all but the western and southern margins of the Project, Mr. Page was only able to visit a single target area, Crunchy Hill, where Aurania had recently completed its initial drill program. Mr. Phillips, on his trip, was able to carry out site visits to the Awacha and Tsenken target areas. Neither Mr. Page nor Phillips were able to visit most of the target areas covered by this Report. Much of Section 9.5 is based on personal communications with Aurania geologists and consultants.

### **Property Description and Ownership**

The Lost Cities – Cutucú Exploration Project consists of 42 mineral exploration concessions granted to Ecuasolidus in December 2016, covering 207,764Ha of the Cordillera de Cutucú in southeastern Ecuador. Aurania acquired Ecuasolidus from Dr. Keith Barron, Chairman and CEO of Aurania, in February 2017. A legal opinion from Aurania’s Quito-based legal counsel, on which the Author is depending, confirms that title to each of the exploration concessions constituting the Project is registered to Ecuasolidus and in good standing as of the Effective Date. Concessions are granted for a 25-year term renewable for 25 more years. The concessions are currently in year 3 of the Initial Exploration phase as defined by Ecuador’s Mining Law. Starting in year 5, any concessions not relinquished at the end of year four enter a four-year Advanced Exploration phase. The Economic Evaluation phase starts at the beginning of year nine and lasts for two years, extendable for an additional two years. Parts of concessions can be relinquished throughout these phases. On completion of the Economic Evaluation phase, the remaining concessions enter the Exploration stage, at which time an exploitation contract is negotiated with the Ecuadorian government.

Most of the Project lies within the 344,002Ha Kutukú-Shaime Protected Forest area. Mineral exploration and mining activities may be undertaken in this protected forest under basically the same permitting regime with the most significant exception being the number of drill pads for scout drilling being limited to 20 per concession, as opposed to 30 per concession outside of protected forests. Drill pads within protected forest areas are required to be a maximum of 6 m by 6m, while those outside of forest areas have a maximum limit of 7m by 7m. There is no limit on the number of bore holes that can be drilled from each drill pad. Additionally, within a Protected Forest, consultation with landowners is mandated. In practice this is no different from permitting outside a Protected Forest as Aurania will not conduct exploration activities without the permission of landowners. As of the Effective Date, Aurania is compliant with the permitting process. Aurania has reached formal access agreements with multiple indigenous communities and carried out early stage exploration activities including an initial drill program on two target areas.



The Project carries a 2% net smelter return (“NSR”) payable to Dr. Keith Barron and an additional 3% - 8% NSR payable to the government of Ecuador; the NSR rate is determined by terms negotiated in a mining contract signed with the government at the completion of the Economic Evaluation stage.

### **Access, Climate, Infrastructure and Physiography**

Access to the city of Macas, Aurania’s exploration office, and the Project, from Quito is excellent on 375 kilometres (“km”) of well-maintained highways. Access along the western and southern margins of the Project is also excellent via Highway 45 following the Upano River Valley through a series of large towns, and via the paved road (Highway 40) between Patuca and Santiago, respectively. Access into the interior of the Project is poor, requiring travel by foot on forest paths from roads on the west and south sides of the Project or from landing strips for light aircraft on the east side of the Project. Within the densely forested cordillera the topography is rugged with deeply incised valleys with elevations ranging from 280m to 2,480m.

The Project, which lies at the transition from the Andes to the Amazon Basin, receives 2-3m of rainfall annually, supporting dense tropical vegetation. Year-round temperatures in the town of Macas, where Aurania’s field office is located on the northwestern margin of the Project, average 17°-24°C.

### **History**

There has been no significant mining or modern exploration in the Cordillera de Cutucú. Aurania’s interest in the area comes in part from similarities in the geology of the area with that of the well-mineralized Cordillera del Cóndor to the south, and in part, from archival research documenting a history of gold exploration in the area during Spanish Colonial times.

### **Geology and Mineralization**

Ecuador lies above the subducting Nazca Plate, a tectonic setting typical of the Andes. This is a setting proven to host porphyry, skarn, iron oxide copper gold (“IOCG”), fissure-manto, volcanogenic massive sulphide (“VMS”), carbonate replacement (“CRD”) and epithermal precious metals deposits of Jurassic to Tertiary age. Regionally, the Cordillera de Cutucú is part of the Sub-Andean Zone, a thrust fault bounded terrane separating the high Andes from the 200km wide, hydrocarbon rich, Oriente Basin.

Owing to lack of access and dense vegetation, the Cordillera de Cutucú geology is largely based on satellite image interpretation supported by limited fieldwork. The geological map shows a setting dominated by north-northeast and north-northwest - trending thrust faults related to the Sub-Andean Thrust system and the Sub-Andean Front to the east. Between these range bounding structures, Triassic to Jurassic sedimentary rocks are believed to make up most of the outcrop area of the Cordillera de Cutucú. Within the Cordillera there appears to be limited outcrop of intrusive rocks, but airborne magnetic data indicate that several batholithic scale bodies are present at depth.

The bulk of the Cordillera de Cutucú is underlain by the Upper Triassic to Lower Jurassic Santiago Formation, composed dominantly of marine sedimentary and volcanic sequences and Mid- to Late-Jurassic rift fill sedimentary and volcanic strata of the Chapiza Formation. Applying the relationships observed in the Cordillera del Cóndor to the south, these are the formations most likely to host porphyry

copper or epithermal precious metal deposits in the Project area. The Santiago Formation comprises 1,000 to 2,700m of dark limestones, calcareous sandstones, intercalations of bituminous shale and locally extensive andesitic to basaltic volcanic rocks. The overlying Chapiza Formation is up to 4,500m thick in the adjacent Oriente Basin. The lower part of the Formation has an evaporite sequence which is overlain by a sequence of red-bed sandstones and conglomerates. This is capped by up to 3,000m of interbedded volcanoclastics and lesser sedimentary intervals of the Misahualli Member, a unit that covers the Fruta del Norte gold deposit in the adjacent Cordillera del Cóndor.

There are no significant known mineral deposits in the Cordillera de Cutucú. However, Aurania's work, covering approximately 50% of the Project through the Effective Date, has identified multiple areas with potentially economic values in hand samples of copper, lead, zinc, and silver. The silver-lead-zinc anomalies appear compatible with Mississippi Valley ("MVT"), Irish-type, or carbonate replacement deposits ("CRD"). The copper anomalies appear mostly related to sedimentary-hosted copper (copper-silver) - type deposits with copper in soil potentially related to porphyry systems and a single anomaly potentially related to an IOCG system. Epithermal gold has been a primary target model for Aurania and while work to date has identified multiple large areas with anomalies in epithermal pathfinder elements, such as arsenic, antimony, thallium and mercury, accompanying gold and silver values have been relatively low.

### **Deposit Types**

While there are no known significant metal deposits within the Project area, there is potential for multiple types of precious and base metal deposits. This is based on interpretations of airborne magnetic and radiometric data, the rapidly expanding database of stream sediment, soil, and rock chip sampling, geological mapping and comparisons to geology in the adjacent, more intensely explored and well mineralized Cordillera del Cóndor.

The primary target types considered when Aurania acquired the Project were high-grade epithermal vein or bulk tonnage precious metal deposits, gold skarns, and porphyry copper-gold deposits. Those deposit types and their variants remain viable targets, however, the strongest mineralization found in outcrop or float is sedimentary-hosted base metal mineralization. The most prominent and extensive is sedimentary copper-silver followed by silver-lead-zinc manto-type (MVT, Irish, or CRD) replacement deposits.

### **Exploration**

Aurania began exploration of the Project with a 5,714 line-kilometre airborne geophysical survey covering the entire Project and adjacent area combined with interpretation of satellite imagery to provide a clear framework of the structure and geology of the Cordillera de Cutucú. Field work then focused on building a geochemical database starting with widely spaced stream sediment sampling throughout this cordillera. As of the Effective Date, approximately 50% of the Project had been stream sediment sampled with results returned. Aurania continues with expanding stream sediment sample coverage while also following-up anomalies identified through the aforementioned exploration programs. The follow-up work has consisted of prospecting and rock chip sampling and soil sampling along ridges and on detailed grids. Geologists and prospectors accompanying the sampling teams map geology and collect rock chip samples. Lastly, an initial diamond core drilling program was completed on the road-accessible Crunchy Hill epithermal prospect and a similar scout drilling program is currently underway in the Yawi target area.

Through the Effective Date, Aurania has received analytical results for 2,816 stream sediment samples, 67 pan concentrate samples, 8,209 soil samples, and 1,543 rock chip samples. The Author considers that Aurania's sample collection protocols are well-designed and effective for mineral exploration (see Chapter 11 for details).

The exploration program, through the above referenced geophysical and geochemical surveys, has delineated multiple large target areas potentially related to multiple types of precious and base metal mineralization.

Stream sediment sampling that has been completed over approximately 50% of the Project by the Effective Date, has resulted in Aurania identifying the following targets:

- Three silver-arsenic-antimony-mercury-thallium-zinc anomalies each covering 50-200km<sup>2</sup> (Latorre, Apai and Tiria). These anomalies appear to be related to extensive epithermal alteration systems, each containing multiple specific target areas. No coherent gold anomaly has yet been identified within the Latorre area, a feature suspected to be due to the level of erosion being above any gold zone that may be associated with the epithermal system there. Soil sampling from Tiria has partially defined a low level (5-11ppb gold) but coherent gold anomaly requiring further sampling, while pan concentrate samples at Apai are starting to refine the target there;
- Porphyry copper targets have been identified in the general Kirus, Jempe, Tsenken and Awacha areas. Each of these broad areas host a cluster of discrete targets. Awacha, is characterized by an area of quartz-sericite-pyrite ("QSP") alteration, confirmed with short wavelength infrared ("SWIR") spectral analysis, in clastic sedimentary rocks that extends over two clusters of distinct magnetic features each of which could be a target. The broad Tsenken target area is resolving into multiple target areas, the most advanced of which Aurania terms Tsenken N2 and Tsenken N3. Both are characterized by discrete magnetic centres and the Tsenken N2 target has a coincident copper in soil anomaly with scattered outcrops of QSP alteration. No clear porphyry style mineralization, complete with stockwork veining, has yet been found in outcrop in these target areas, and finding such mineralization is a focus of ongoing fieldwork. Brett (2019) identified 64 magnetic features within the Project area that could represent porphyry targets. Of those, he classified 31 as high priority for follow-up;
- The clearest anomalies, with multiple, high-grade values in copper and silver returned from rock chip sampling, are related with sedimentary-hosted mineralization that has been found over a total distance of 23km;
- Carbonate replacement silver-zinc-lead mineralization, with potentially economic values in lead and zinc, has been found over an area 12km long; and,
- There is growing evidence of IOCG-style copper-silver mineralization in the broader Tsenken target area. Field relationships show that, as with some of the porphyry targets, such as Tsenken N2 and N3, gabbroic diorite that exhibits IOCG-type alteration, intrudes red-beds of the Mid-Jurassic Chapiza Formation.

## Drilling

Aurania completed a 9-hole, 3,204m core drilling program on the Crunchy Hill target between March 3 and May 8, 2019. The program failed to encounter significant values in either silver or gold. However, vein composition, style and pathfinder element anomalies in the core, suggest that the precious metal

zone of an epithermal system would lie approximately 500m beneath the crest of Crunchy Hill, at an altitude of approximately 500m to 600m above mean sea level (“amsl”).

A second scout drilling program was initiated on the Yawi target area starting with 1,870m drilled in four holes completed as of the Effective Date with the results being disclosed in the June 1, 2020 press release.

### **Sample Preparation and QA/QC**

Stream sediment, soil, and rock chip samples collected through 2017 and 2018 were prepared at ALS Global in Quito with pulps shipped and analysed at ALS’ laboratory in Lima, Peru. Starting in 2019 samples, including the drill core from Crunchy Hill, have been prepared by an MSALABS affiliate in Cuenca with pulps shipped to the MSALABS laboratory in Vancouver for analysis. Both ALS Global and MSALABS are among the industry leaders in preparing and analysing exploration samples.

Aurania’s quality assurance/quality control (“QA/QC”) protocols for collecting, preparing and analysing rock, soil, stream sediment, and drill core samples are more than adequate for an early stage exploration program. Aurania’s protocols, which are described in Chapter 11 of the Report, call for inserting geochemical reference material, geochemically barren material, and duplicate samples, at regular intervals such that sample batches have at least two control samples. In the Author’s opinion, the geochemical data collected by Aurania may be relied upon.

### **Data Verification**

Review of Aurania’s geochemical database for stream sediment, soil, and rock chip samples shows a well-organized Excel Workbook. A comparison of gold, silver, copper, lead, and zinc results contained in 29 Certified Certificates from ALS and MSALABS, and representing several thousand samples, to the values for the same samples in Aurania’s database, showed no errors. A review of the drill hole database and logs shows them to be robust and reliable.

The Author and Mr. Phillips, under the guidance of the Author, supervised the collection of 11 samples in an effort to closely match as possible samples collected previously by Aurania and confirm those results. These included a single stream sample, 5 core samples from 5 holes at Crunchy Hill, and 5 rock chip samples from the Tsenken sedimentary-hosted copper target. The results for gold, silver, copper, lead, and zinc from all WGM’s samples match within an acceptable range the values from the comparable samples collected by Aurania. Drill collar coordinates for four holes at Crunchy Hill taken by Mr. Page with a handheld GPS unit also matched well with the coordinates in the database. In all aspects Aurania’s drill core data collection protocols go beyond what is necessary for an early-stage drill program.

As noted, the Author was unable to visit most of the target areas discussed in this Report and thus are unable to verify sample locations and exposed mineralization. The conclusions provided in this Report are made under the assumption that Aurania’s field personnel have accurately reported sample locations and adequately reported their geological context.

### **Environmental and Social**

Aurania is unaware of any pre-existing environmental liabilities on the Project, and, based on the lack of a mining history on the Project, that assessment is fair. The Project lies within the Kutukú-Shaime Protected Forest in which exploration and production is allowed under slightly more stringent

environmental parameters. For example, scout drilling is allowed from 20 drill pads per concession during Initial Exploration, as opposed to 30 drill pads per concession outside of protected forest areas. Permits for use of water for drilling are required on a prospect by prospect basis with permits received for the Crunchy Hill and Yawi target areas.

In addition to governmental permitting, surface use and access rights are negotiated with the local communities. Social engagement is critical to the future of the Project and Aurania has dedicated substantial effort, time and resources to community relations. Formal access agreements have been negotiated and signed with 70% of the 56 communities that lie within the Project area. In addition to providing employment opportunities to indigenous communities, special effort has been directed at working with governmental agencies to improve health, sanitation and education within the Project area.

### **Conclusions**

Aurania's approach to exploring the Cordillera de Cutucú is sound, progressing from an airborne magnetic and radiometric geophysical survey and stream sediment sampling to highlight anomalous areas, and following up on the identified targets with detailed soil sampling, prospecting, and geological mapping prior to selecting initial drill targets. If any significant precious or base metal deposit outcrops on the Project, Aurania's program should identify it.

Aurania's program has yet to rediscover one of the gold deposits, dating to Spanish Colonial times, that originally was the driving concept behind the Project. With nearly half the Project yet to be covered by the stream sediment sampling program, these "lost" deposits may yet be found. While an outcropping precious metal deposit has so far eluded Aurania, its geochemical sampling program has outlined at least three, large (50km<sup>2</sup> plus) areas with elevated arsenic, mercury, antimony and thallium values typical of trace element anomalies found above epithermal precious metal deposits.

In addition, Aurania's airborne magnetic survey highlighted multiple magnetic features with the size and characteristics of porphyry copper - style alteration and mineralization systems. Follow-up exploration identified QSP alteration potentially related to underlying porphyries in the Awacha and Tsenken N2 target areas. However, by the Effective Date, neither the geochemical sampling program nor prospecting had encountered definitive porphyry copper mineralization in classic quartz-stockwork veins. Mapping and sampling on part of the Tsenken anomaly shows features typical of IOCG deposits. As with epithermal gold, an outcropping porphyry deposit may yet be identified as stream sediment sampling coverage extends across the entirety of the Project. Until one is found, Aurania's exploration for epithermal gold or porphyry copper and gold will be based on exploration models in which ore-grade mineralization is blind to surface.

While the search for epithermal gold and porphyry copper deposits has yet to deliver strong gold or copper mineralized outcrops of either type, Aurania's work has identified large areas with high-grade copper, silver, zinc and lead in outcrop or float. The high-grade copper samples are typical of sedimentary-hosted copper deposits and the high-grade zinc-lead samples are of carbonate replacement type. Of these, the sedimentary-hosted copper potential appears the most attractive. Anomalous copper mineralization, now encountered in multiple reduced layers in Chapiza Formation red-beds, extends for 23km on strike. Rock chip sampling within this trend has returned multiple samples with high-grade values in copper and silver.

## Recommendations and Proposed Expenditures

The Author sees Aurania's highest priority as completing the stream sediment sampling program across the Project to determine if there are any outcropping epithermal gold and copper-gold or copper porphyry deposits on the Project. The second highest priority should be the continuation of the community relations program which has achieved support for the Project in the towns in the Upano River Valley and, most importantly, support from the large number of indigenous Shuar communities within the Cordillera de Cutucú. Without this effort, gaining access to explore the full Project area, or to develop a mine, should a deposit be discovered, is likely to be more challenging.

All additional work on the Project will flow from interpretation of the results of the Project-wide airborne geophysics survey and the stream sediment geochemical survey. If additional alteration-mineralization systems of significant scale are identified by the regional targeting effort, they, along with those target areas covered in the Report, should be prioritized on the basis of commodity, strength of the associated geochemical or geophysical anomaly, the expected deposit model-type, depth to target, access, and strength of community support for that target.

Given the large size of the Project and the large number of targets identified, with additional targets expected from the completion of the stream sediment sampling program, Aurania should consider partnering with other entities to help fund exploration of some of the target areas. Involving one or more partners should help in advancing the program more rapidly to ensure all concessions of potential interest remain in good standing. Additionally, the more rapidly the program advances, the sooner Aurania will be able to reduce the size of the land package and reduce holding costs. With all concessions in year three of the four-year Initial Exploration phase, Aurania is required to relinquish part of each concession – although the mining law does not stipulate the minimum area that should be relinquished from each concession. The reduced concession clusters would advance to the next four-year stage of Advanced Exploration. The Author has reviewed Aurania's proposed exploration program and budget of C\$9,000,000 and views both as reasonable and warranted given the scale of the Project and the multiple target areas to be advanced in the timeframes indicated above.

### Proposed Budget

Regional exploration should continue in order to complete coverage of the remaining 50% of the Project area during 2020. A consideration in recommending a C\$9,000,000 budget is the need for Aurania to advance the work required to meet timelines set by mining law to maintain concessions in good standing. This scale of budget is additionally justified by the number of targets already identified and requiring detailed targeting work and drilling. Furthermore, new targets are expected to continue to be identified by ongoing stream sediment sampling results combined with data from the 2017 airborne geophysical survey. The principal means of advancing selected targets will be with soil sampling, detailed mapping and sampling of sporadic outcrops and potentially detailed geophysics focused on specific targets. The type of geophysics applied would depend on the nature of the mineralization expected. Due to the steep terrane, thick soil (up to 10 m) and thick vegetation cover, trenching is seldom a viable option prior to scout drilling, but may be possible locally. The recommended C\$9,000,000 budget for 2020 has not been broken out in detail as ongoing results are likely to dictate changes from anything presented here. Rather funding has been broken in two major categories: the first, managing and maintaining the Project; and the second, direct exploration activities. The latter has been broken down not by activity but by target type where the split at the start of the year is anticipated to give near equal weighting to gold and copper exploration. As

discussed previously, the Shimpia silver-lead-zinc targets have technical merit, but Aurania should not focus significant effort on those without outside funding from a lead-zinc focussed partner.

#### STREAM SEDIMENT SAMPLING

Approximately 50% of the Project remains to be explored by stream sediment sampling. In 2020, the stream sediment program should cover the remaining unsampled parts of the Project at a sample density of at least 2.5 samples per km<sup>2</sup> with an expected average all-in cost of \$60/sample. Concurrently, prospecting, regional geological mapping and rock chip sampling should be carried out along the same streams and rivers.

#### SOIL SAMPLING

Ridge and spur soil sampling, followed by grid sampling over anomalous areas identified by the ridge and spur sampling, are the primary means of follow-up of stream sediment and geophysical targets. Soil sampling will continue with an estimated 10,500 samples to be collected and analysed at an expected all in cost of \$40/sample.

#### GEOLOGICAL MAPPING AND SYSTEMATIC SAMPLING

Prioritized targets should undergo geological mapping, supported by SWIR spectral analysis, rock chip channel sampling with a diamond saw, and where possible, trenching.

#### DETAILED GEOPHYSICAL SURVEYS

A budget is allocated to allow for multiple focused geophysical surveys. These may include:

- Detailed drone-borne magnetic surveys over intrusive-related and some epithermal targets;
- Induced Polarization surveys to refine resistive areas that may be quartz veins, or areas of silicification, and to identify zones with chargeability characteristics of disseminated sulphides; and
- Audio Magnetotelluric or Deep Induced Polarization surveys to better assess deeply buried copper porphyry targets.

#### DRILLING

The program must include a significant amount of drilling to move concessions towards Advanced Exploration. The proposed budget includes 11,200 m of drilling at a forecast all-in cost of \$250/m. The anticipated split of drilling between target types has 55% going to test epithermal targets, 30% to test sedimentary-hosted copper-silver and 15% to test intrusive related copper targets. As with other types of work above, Aurania needs to be flexible on allocation of drill metres between the different target types as work proceeds and target priorities change.

Cost Center/Work Type	Total Cost	% of Budget
<b>Managing and Maintaining the Project</b>		
Concession Holding Costs	\$ 2,800,000	31%
Project related legal cost	\$ 50,000	1%
Macas Field Office expense	\$ 80,000	1%
Senior Project Management	\$ 200,000	2%
Community Relations	\$ 250,000	3%
Ecuador Logistics	\$ 90,000	1%
Project related travel	\$ 30,000	0%
<b>Sub-Total</b>	<b>\$ 3,500,000</b>	<b>39%</b>
<b>Exploration by Target Type</b>		
Regional	\$ 600,000	7%
Epithermal	\$ 2,530,000	28%
Sedimentary Copper	\$ 1,200,000	13%
Intrusive-related Copper	\$ 1,000,000	11%
Carbonate Replacement Silver-Zinc-Lead	\$ 170,000	2%
<b>Sub-Total</b>	<b>\$ 5,500,000</b>	<b>61%</b>
<b>Grand Total</b>	<b>\$ 9,000,000</b>	<b>100%</b>

## DIVIDENDS AND DISTRIBUTIONS

The Corporation has not declared or paid any dividends on its common shares since its incorporation. Any future dividend payment will be made at the discretion of the Board of Directors and will depend on the Corporation's financial needs to fund its exploration programs and its future growth, and any other factor that the board deems necessary to consider in the circumstances.

## DESCRIPTION OF CAPITAL STRUCTURE

Aurania's authorized share capital consists of 1,000,000,000 common shares with a par value of \$0.00001 per share. As of the date of this AIF, there were 40,921,179 common shares issued and outstanding, 1,885,420 warrants and 2,795,000 stock options, 189,700 Restricted Stock Units each exercisable to acquire one common share, for 45,791,299 common shares outstanding on a fully diluted basis.

Holders of Aurania's common shares are entitled: (i) to receive notice of any shareholder meetings of the Corporation, and to attend and to cast one vote per common share held at all such meetings; (ii) to receive on a pro-rata basis dividends, if any, as and when declared by the Corporation's board of directors at its discretion from funds legally available, and (iii) upon the liquidation, dissolution or winding up of the Corporation, to receive on a pro-rata basis the net assets of the Corporation after payment of debts and other liabilities, in each case subject to the rights, privileges, restrictions and conditions attaching to any other series or class of shares ranking senior in priority to or on a pro-rata basis with the holders of common shares with respect to dividends or liquidation. Aurania's common shares: (i) do not have cumulative voting rights with respect to the election of directors and, accordingly, holders of a majority of such common shares entitled to vote in any election of directors may elect all directors standing for



election; and (ii) do not carry any pre-emptive, subscription, redemption or conversion rights, nor do they contain any sinking or purchase fund provisions.

## MARKET FOR SECURITIES

Aurania's common shares are listed and traded on the TSXV (symbol: "ARU"), the Frankfurt Exchange (symbol: "20Q") and the OTCQB Venture Market (symbol: "AUIAF").

Summary of Monthly Aurania Resources Ltd. Share Price Highs and Lows with Associated Volume in 2019.

Month	High	Low	Avg. Daily Volume
Dec 2019	4.50	3.28	104,415
Nov 2019	3.45	2.40	26,690
Oct 2019	2.70	2.18	18,859
Sept 2019	2.83	2.50	14,100
Aug 2019	3.19	2.50	23,333
Jul 2019	2.99	2.63	14,764
June 2019	3.44	2.86	17,765
May 2019	3.99	3.17	11,659
April 2019	4.00	3.35	14,662
March 2019	4.10	2.67	27,538
Feb 2019	3.43	2.62	12,963
Jan 2019	3.55	2.69	9,577

## PRIOR SALES

The following table sets forth Common Shares, stock options, warrants and other unlisted securities issued by the Corporation during the fiscal year ended December 31, 2019 and up to the date of this AIF:

Date Issued	Number and Type of Security	Issue/Exercise Price
January 16, 2019	228,000 stock options	\$3.40
January 28, 2019	877,192 common shares	\$3.00
March 8, 2019	1,946,172 common shares	\$2.70
June 28, 2019	77,000 stock options	\$2.97
August 27, 2019	1,030,862 common shares	\$2.70
August 27, 2019	515,531 warrants	\$4.00
September 20, 2019	621,013 common shares	\$2.70
September 20, 2019	310,506 warrants	\$4.00

Date Issued	Number and Type of Security	Issue/Exercise Price
August 27, 2019	11,180 broker warrants	\$4.00
September 20, 2019	4,734 broker warrants	\$4.00
October 24, 2019	1,150,000 stock options	\$2.70
February 20, 2020	300,000 stock options	\$3.16
February 28, 2020	473,988 common shares	\$3.10
February 28, 2020	236,994 warrants	\$4.25
February 28, 2020	840 broker warrants	\$4.25
March 5, 2020	1,343,244 common shares	\$3.10
March 5, 2020	671,622 warrants	\$4.25
March 13, 2020	269,902 common shares	\$3.10
March 13, 2020	134,951 warrants	\$4.25

## ESCROWED SECURITIES AND SECURITIES SUBJECT TO CONTRACTUAL RESTRICTION ON TRANSFER

During the fiscal year ended December 31, 2019, and up to the date of this AIF, the Corporation does not have escrowed securities nor securities that are subject to contractual restrictions on transfer.

## DIRECTORS AND OFFICERS

### Name, Occupation and Security Holdings of Directors

The following table sets forth certain information with respect to the current Directors and executive officers of Aurania. Directors hold office until the next annual meeting of shareholders or when their successors are elected or appointed. The Board may fill any vacancy in their number left unfilled at a general meeting. As of the date of this AIF, the directors and executive officers of Aurania, as a group, own or have voting control or direction over 19,704,904 common shares or approximately 48% of the issued and outstanding common shares<sup>(1)</sup>.

Tabulation of Aurania Resources Ltd. Directors, their Role in the Corporation, their Principal Occupation and the Number of Common Aurania Resources Ltd. Shares owned

Name, Province or State and Country of Residence	Date First Became a Director	Present Principal Occupation and Positions Held During the Preceding Five Years	Number of Common Shares Beneficially Owned, Directly or Indirectly, or Over Which Control or Direction is Exercised <sup>(1)</sup>
Keith Barron <sup>(3)</sup> <i>Valais, Switzerland</i>	July 2, 2007	Geologist, Executive Chairman and CEO of the Corporation. Founder & Director of U3O8 Corp. since 2005. CEO since 2017 and Chairman of Firestone Ventures Inc. since 2010.	19,621,028
Richard Spencer <i>Ontario, Canada</i>	March 6, 2017	Geologist; President Aurania Resources since May 26, 2017; President and CEO of U3O8 Corp. since January 2008; Director of Firestone Ventures Inc. since November 2017.	27,875
Alfred Lenarciak <sup>(1)(2)(3)(4)</sup> <i>Bahamas</i>	June 13, 2018	Civil and Mining Engineer with over 25 years of experience in financing and strategic development of resource companies globally; published author of seven books; Cavaliere Member of the Vatican's Order of Pope Saint Silvester and a recipient of the Silver Cross of Merit.	36,000
Warren Gilman <sup>(1)(2)(3)</sup> <i>Hong Kong, China</i>	June 20, 2019	Founder, Chairman and CEO of Queen's Road Capital Investment Ltd. August 2019 to present; Chairman and CEO of CEF Holdings from 2011 to January 2019; Director of NexGen Energy Ltd from July 2017 to Present; Mining Engineer.	Nil
Jonathan Kagan <sup>(1) (2)</sup> <i>New York, USA</i>	June 20, 2019	Managing Principal of Corporate Partners from 2005 to Present; Chairman and Director of Mapleton Radio since 2006; Investment Banker.	20,000
Leanne Baker <sup>(1)(2)(3)</sup> <i>Missouri, USA</i>	June 20, 2019	Consultant to the mining and financial services industry. Director of: Agnico Eagle Mines Limited 2003 to present; McEwen Mining 2006 to present; Reunion Gold Corporation from 2005 to June 2020; Sutter Gold Mining Inc. November 2011 to May 2019.	Nil

**Notes:**

- (1) The information with respect to the Common Shares beneficially owned, controlled or directed is not within the direct knowledge of the Corporation and has been furnished by the respective individuals.
- (2) Member of the Audit Committee. Chaired by Jonathan Kagan. Member of the Compensation, Nomination and Governance Committee. Chaired by Leanne Baker.
- (3) Member of the Safety, Environment and Social Responsibility Committee. Chaired by Dr. Keith Barron
- (4) Lead director, appointed by the Board on March 4, 2020

### Cease Trade Orders, Bankruptcies, Penalties or Sanctions

None of the Corporation's Directors or officers is, as at the date of this AIF, or has been, within 10 years before the date of this AIF, a director, CEO or CFO of any Corporation (including the Corporation) that:

- (a) was subject to a cease trade order, an order similar to a cease trade order or an order that denied the relevant company access to any exemption under securities legislation, that was in effect for a period of more than 30 consecutive days that was issued while such individual was acting in the capacity as Director, CEO or CFO; or

- (b) was subject to a cease trade order, an order similar to a cease trade order or an order that denied the relevant company access to any exemption under securities legislation, that was in effect for a period of more than 30 consecutive days, that was issued after such individual ceased to be a Director, CEO or CFO and which resulted from an event that occurred while such proposed director was acting in the capacity as a Director, CEO or CFO.

None of the Corporation's Directors or Officers (or any personal holding company of any such individual) is, as of the date of this AIF, or has been within ten (10) years before the date of this AIF, a Director or executive officer of any company (including the Corporation) that, while such individual was acting in that capacity, or within a year of that person ceasing to act in that capacity, became bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency or was subject to or instituted any proceedings, arrangement or compromise with creditors or had a receiver, receiver manager or trustee appointed to hold its assets.

None of the Corporation's Directors or Officers (or any personal holding company of any such individual) has, within the ten (10) years before the date of this AIF, become bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency, or become subject to or instituted any proceedings, arrangement or compromise with creditors, or had a receiver, receiver manager or trustee appointed to hold the assets of such individual.

None of the Corporation's Directors or Officers (or any personal holding company of any such individual) has been subject to:

- (a) any penalties or sanctions imposed by a court relating to securities legislation or by a securities regulatory authority or has entered into a settlement agreement with a securities regulatory authority; or
- (b) any other penalties or sanctions imposed by a court or regulatory body that would likely be considered important to a reasonable investor in making an investment decision.

### Conflicts of Interest

To the best of the Corporation's knowledge, and other than as disclosed herein, there are no known existing or potential conflicts of interest between the Corporation and any Directors or Officers of the Corporation, except that Directors and Officers of Aurania also serve, or may serve in future, as directors and/or officers of other companies involved in natural resource exploration and development and, consequently, there exists the possibility of such Directors and Officers being in a position of conflict. Any decision made by any of such directors and officers involving the Corporation should be made in accordance with their duties and obligations to deal fairly and in good faith with a view to the best interests of Aurania and its shareholders.

The Directors and Officers of the Corporation are aware of the existence of laws governing accountability of Directors and Officers for corporate opportunity and requiring disclosures by Directors of conflicts of interest and the Corporation will rely upon such laws in respect of any Directors' and Officers' conflicts of interest or in respect of any breaches of duty by any of its Directors or Officers. All such conflicts will be

disclosed by such Directors or Officers in accordance with the applicable corporate law and they will govern themselves in respect thereof to the best of their ability in accordance with the obligations imposed upon them by law.

## Other Board Matters

### *Audit Committee*

The mandate of the Audit Committee is formalized in a written charter. The members of this committee are Jonathan Kagan (Chair), Alfred Lenarciak, Leanne Baker and Warren Gilman. The Audit Committee's primary duties and responsibilities are to serve as an independent and objective party to monitor the Corporation's financial reporting process and control systems, review and appraise the audit activities of the Corporation's independent auditors, financial and senior Management, and to review the lines of communication among the independent auditors, financial and senior Management, and the Board of Directors for financial reporting and control matters.

### *Compensation, Nomination, and Governance Committee*

The mandate of the Compensation, Nomination and Governance Committee (the "NCG") is formalized in a written charter. This committee is comprised of all four independent directors, namely Leanne Baker (Chairperson), Alfred Lenarciak, Warren Gilman and Jonathan Kagan, all of whom are independent within the meaning of Canadian Securities Administrator's National Instrument 58-101 – Disclosure of Corporate Governance Practices ("NI 58-101"). The NCG assists the Board of Directors in fulfilling its corporate governance responsibilities under applicable laws, to promote a culture of integrity throughout the Corporation, to assist the Board of Directors in setting Director and senior executive compensation, and to develop and submit to the Board of Directors recommendations with respect to other employee benefits as the NCG sees fit. In the performance of its duties, the NCG will be guided by the following principles: (i) establishing sound compensation practices that are in the interests of shareholders and that contribute to effective and efficient decision-making; (ii) offering competitive compensation to attract, retain and motivate the very best qualified executives in order for the Corporation to meet its goals; and (iii) acting in the best interests of the Corporation and its shareholders by being fiscally responsible. All NCG Committee members have direct or indirect experience that is relevant to their responsibilities in executive compensation. In their roles as members of the NCG and as current or former senior executive officers, each member of the NCG has developed skills and experience in executive compensation issues which enable them as a group to make decisions on the suitability of the Corporation's compensation policies and practices.

Furthermore, the NCG seeks to achieve a balance of knowledge, experience and capability among the members of the Board. When considering candidates for Director, the NCG takes into account a number of factors including, but not limited to, the following (although candidates need not possess all of the following characteristics and not all factors are weighted equally):

- personal qualities and characteristics, accomplishments and reputation in the business community;
- current knowledge and contacts in the countries and/or communities in which the Corporation does business and in the Corporation's industry sectors or other industries relevant to the Corporation's business; and
- the ability and willingness to commit adequate time to Board and committee matters and be responsive to the needs of the Corporation.

The Board will periodically assess the appropriate number of Directors on the Board and whether any vacancies on the Board are expected due to retirement or otherwise. If vacancies are anticipated, or otherwise arise, or the size of the Board is expanded, the NCG will consider various potential candidates for Director. Candidates may come to the attention of the NCG through current Directors or Management, shareholders or other persons. These candidates will be evaluated at regular or special meeting of the NCG and may be considered at any point during the year. The NCG considers candidates for Directors by annual review of the credentials of nominees for re-election to be named in the Management's proxy's materials. The annual review considers an evaluation of the effectiveness of the Board and the performance of each Director, the continuing validity of the credentials underlying the appointment of each Director and the continuing compliance with the eligibility rules under applicable conflict of interest guidelines. The NCG, whenever considered appropriate, may direct the Chairman of the Board to advise each nominee Director, prior to appointment to the Board, of the credentials underlying the recommendation of such nominee Director's candidacy. The NCG may recommend to the Board at the annual meeting of the Board, the allocation of Board members to each of the Board committees, and where a vacancy occurs at any time in the membership of any Board committee, the NCG may recommend to the Board a member to fill such vacancy. The NCG has the sole authority to retain and terminate any search firm to be used to identify nominee director candidates, including the sole authority to approve fees and other terms of such retention. The NCG monitors on a continuing basis and, whenever considered appropriate, makes recommendations to the Board concerning the corporate governance of the Corporation.

*Safety, Environment and Social Responsibility (SES)*

The mandate of the Safety, Environment and Social Responsibility Committee (the "SES") is formalized in a written charter. The members of this committee are Dr. Keith Barron (Chairperson), Alfred Lenarciak, Warren Gilman and Dr. Leanne Baker. The Corporation's core values include respect, integrity and a commitment to the protection of life, health and the environment for present and future generations. The main purpose of the SES Committee is to review, monitor and make recommendations to the Board in respect of the health and safety, environmental, community, business conduct, risk management, corporate social responsibilities policies, programs and management procedures of the Corporation and its subsidiaries in order to verify that such policies and activities reflect, and are in accordance with, the Corporation's core values.

Additionally, the SES Committee assists the Board in carrying out its responsibilities with respect to overseeing the exploration and operating activities of the Corporation with respect to the Corporation's mineral projects, including the Lost Cities – Cutucú Project, from a technical, financial, budgeting and scheduling perspective.

The SES Committee may review or investigate any activities of the Corporation relating to health and safety, environmental, community relations, business conduct and corporate social responsibility and will have unrestricted access to any officers and employees of the Corporation, the independent auditors, consultants and advisors at reasonable costs, and such information and resources as the SES Committee considers necessary in order to perform its duties and responsibilities. The SES will communicate directly with the independent auditors of the Corporation.

## Audit Committee Disclosure

National Instrument 52-110 - Audit Committees (“NI 52-110”) requires the Corporation to disclose annually in its AIF certain information concerning the constitution of its Audit Committee and its relationship with its independent auditor, as set forth below.

### *Audit Committee Charter*

The Corporation’s Audit Committee is governed by an Audit Committee charter, the text of which is included in this AIF as Appendix A.

### *Composition of the Audit Committee*

The Corporation’s Audit Committee is comprised of Jonathan Kagan (Chairperson), Alfred Lenarciak, Leanne Baker and Warren Gilman. As defined in NI 52-110, each of the directors is “independent” and “financially literate”.

Mr. Kagan has over 30 years of experience as an investment banker and is currently managing partner of Corporate Partners, LLC. Mr. Kagan began his career in the investment banking division of Lazard in 1980 and became General Partner in 1987. Mr. Kagan has served on a number of NYSE and NASDAQ-listed companies, as well as private companies, where he helped determine compensation for the officers and directors

Dr. Leanne M. Baker is the former President and Chief Executive Officer of Sutter Gold Mining Inc., a corporation that traded on the TSX-V and the OTCQX, a position she occupied from November 2011 to July 2013. Dr. Baker served as a director of Sutter Gold Mining Inc. until May 2019. From January 2002 to October 2011, she was Managing Director of Investor Resources LLC, consulting for the mining and financial services industries. Prior to that, she was an equity research analyst and Managing Director with Salomon Smith Barney from 1990 to 2001. She is a director of Agnico Eagle Mines Ltd. and McEwen Mining Corp., both of whose securities trade on the TSX and NYSE. Dr. Baker has a Master of Science degree and a Ph.D. in mineral economics from the Colorado School of Mines. She has an extensive background in corporate finance and mineral economics, and corporate governance from serving as a director of other mining companies.

Warren Gilman is the Founder, Chairman and CEO of Queen’s Road Capital Investment Ltd. Mr. Gilman was Chairman and CEO of Hong Kong based CEF Holdings Ltd from 2011-2019 where he was responsible for one of the largest mining focussed investment companies in Asia. Prior to that, he was Vice Chairman of CIBC World Markets. He was the Managing Director and Head of Asia Pacific Region for CIBC for 10 years where he was responsible for all of CIBC's activities across Asia. Mr. Gilman also co-founded CIBC's Global Mining Group in 1988. During his 26 years with CIBC he ran the mining team in Canada, Australia and Asia and worked in Toronto, Sydney, Perth, Shanghai and Hong Kong offices of CIBC. Mr. Gilman obtained his B.Sc. in Mining Engineering at Queen's University and his MBA from the Ivey Business School at Western University. He is Chairman of the International Advisory Board of Western University and a member of the Dean's Advisory board of Laurentian University.

Mr. Lenarciak has over 25 years’ experience in the financing and strategic development of resource companies in North and South America, Africa, Europe and Asia. Mr. Lenarciak started his career as a civil and mining engineer in 1975. In 1983, he studied finance at the University of Quebec and worked in investment banking in the junior mining industry until 1990. He was then retained by the World Bank to oversee the privatization of the mining industry in Poland. Between 1992 and 2014, Mr. Lenarciak served

on the board of directors of more than a dozen TSX-listed companies. In May 2015, Mr. Lenarciak was elevated to Cavaliere Member of the Vatican's Order of Pope Saint Silvester and in May 2019, he received the Silver Cross of Merit. After retiring from a career in the investment industry, Mr. Lenarciak has published seven novels.

#### *Pre-Approval Policies and Procedures*

The Audit Committee must pre-approve any non-audit services to be provided to the Corporation or its subsidiaries by the external auditor, with reference to compatibility of the service with the external auditor's independence as prescribed by securities laws.

#### *Audit Fees*

The table below summarizes the aggregate fees charged by the external auditors of the Corporation for professional services rendered to the Corporation during the fiscal years ended December 31, 2019 and 2018 for audit and non-audit related services.

Type of Work	Year Ended December 31, 2019	Year Ended December 31, 2018
Audit Fees <sup>(1)</sup>	34,170	30,600
Audit-related Fees <sup>(2)</sup>	24,077	6,430
Tax Advisory Fees <sup>(3)</sup>	2,000	2,000
All other fees	-	-
<b>Total</b>	<b>60,247</b>	<b>39,030</b>

Notes:

- (1) Aggregate fees for the Corporation's annual and quarterly financial statements and services normally provided by the auditor in connection with the Corporation's statutory and regulatory filings.
- (2) Aggregate fees for assurance and related services that are reasonably related to the performance of the audit or review of the Corporation's financial statements and are not reported as "Audit fees", including: assistance with aspects of tax accounting, attest services not required by state or regulation and consultation regarding financial accounting and reporting standards.
- (3) Aggregate fees for tax compliance, advice, planning and assistance with tax for specific transactions.

## PROMOTERS

Dr. Barron, the Chairman, CEO, a director and principal shareholder of the Corporation, held through ESA the majority ownership of the Lost Cities – Cutucú Project prior to it being acquired by the Corporation and may be considered to be a Promoter of the Corporation within the meaning of applicable securities legislation. To the Corporation's knowledge, as at the date of this AIF, Dr. Barron beneficially holds, controls or directs, directly or indirectly through Bambazonke Holdings Ltd., a corporation controlled by Dr. Barron, 19,621,028 Common Shares, representing approximately, 48% of the issued and outstanding Common Shares on a non-diluted basis. Other than any remuneration Dr. Barron has and will receive in connection with his role as Chairman, CEO and a director of the Corporation, Dr. Barron's remuneration is described below in "Interest of Management and Others in Material Transactions".



## LEGAL PROCEEDINGS AND REGULATORY ACTIONS

There are no material pending legal proceedings or regulatory actions to which the Corporation is a party or of which any of the Corporation's properties are subject, nor are any such proceedings or actions currently known, by the Corporation, to be contemplated.

## INTEREST OF MANAGEMENT AND OTHERS IN MATERIAL TRANSACTIONS

Apart from the transactions mentioned below, no director, executive officer or significant shareholder of the Corporation, or any associate or affiliate of the foregoing, has had any material interest, direct or indirect, in any transaction within the three most recently completed financial years or during the current financial year prior to the date of this AIF that has materially affected or would materially affect the Corporation. Although not deemed an Interest of Management and Others in Material Transactions, certain related party agreements with management exist and are detailed in the section entitled "Related Party" of the annual consolidated financial statements for the years ended December 31, 2019, 2018 and 2017.

Dr. Keith Barron, Chairman, CEO and major shareholder has been instrumental in funding the Corporation over the last three years, through both participation in equity placements and a series of loans to the Corporation. The principal balances, transactions for each of the material loan instruments are provided below. Further detailed information is provided in the annual consolidated financial statements for the years ended December 31, 2019 and 2018.

### *Rights Offering 2019*

On March 8, 2019, the Corporation announced that it had completed a rights offering ("Rights Offering") for \$5,254,665 with the issuance of 1,946,172 common shares at \$2.70 per share. In connection with the Rights Offering, the Corporation entered into a stand-by purchase agreement with Dr. Keith Barron, Chairman and Chief Executive Officer of the Corporation, for a commitment amount of \$4,000,000 (the "Stand-By Commitment"). As a result, Dr. Barron exercised his rights' entitlement for the purchase of 1,385,790 common shares and purchased an additional 95,691 common shares from the 'Additional' shares pool, as agreed. Both the basic and additional shares were purchased for \$2.70 per share. In connection with the Stand-By Commitment for the Rights Offering, Dr. Barron did acquire 1,481,481 common shares.

### *Private Placement Financing August/September 2019*

On September 20, 2019, Aurania announced that it had completed a non-brokered private placement for \$4,460,062 (gross), with the issuance of 1,651,875 common shares at \$2.70 per share. Dr. Keith Barron, Chairman and CEO of the Corporation, acquired 642,482 units.

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

	Year ended December 31, 2019	Year ended December 31, 2018
<b>Balance, beginning of period</b>	<b>\$579,915</b>	<b>\$1,273,000</b>
Accrued interest	11,672	19,247

Settlement of debt	-	(780,000)
Foreign exchange translation loss	(21,759)	67,668
<b>Balance, end of year</b>	<b>\$569,828</b>	<b>\$579,915</b>

On March 20, 2017, Keith Barron advanced USD\$2,000,000 to ESA to facilitate the payment of the 2017 minerals concession fees, pursuant to an unsecured, promissory note loan. On May 29, 2017, the Corporation repaid USD\$1,000,000 of the MCL1 from the proceeds of the 2017 Offering. Following annual extensions on May 29, 2018, 2019 and 2020 the Promissory Note has a current maturity date of May 29, 2021.

On April 2, 2018 Dr. Barron settled \$280,000 of MCL1 in consideration of exercising his 700,000 stock options, at \$0.40 per option. Accordingly, the Corporation issued 700,000 common shares to Dr. Barron in exchange for reducing the principal owing on MCL1 by USD\$217,168 (\$280,000). On August 16, 2018, the Corporation repaid \$500,000 of MCL1 in cash.

During the year ended December 31, 2019, the accrued interest on the MCL1 is \$11,672 (year ended December 31, 2018 - \$19,247) and the foreign exchange on the MCL1 is (\$21,759) (year ended December 31, 2018 - \$67,668).

*Convertible Debenture - Mineral Concessions Loan ("MCL2")*

On January 28, 2019, the Corporation announced the issuance of 877,192 common shares from treasury in connection with the repayment of a USD\$2.0 million convertible debenture issued by the Corporation to Dr. Barron on May 26, 2018. As dictated by the terms of the Debenture, the unpaid principal amount of USD\$2.0 million, was converted into common shares at the conversion price of \$3.00 per common share, fixed at the March 20, 2018 Bank of Canada exchange rate of USD\$0.76 to \$1.00 such that the maximum number of common shares to be issued upon the exercise of the conversion right would be 877,192 common shares.

The following table reflects the allocation of the proceeds and subsequent reporting since the financing date, further detail and explanation is provided in the audited consolidated financial statements for the year ended December 31, 2019:

<b>For the year ended DECEMBER 31,</b>	<b>2019</b>	<b>2018</b>
<b>Balance, beginning of period</b>	<b>\$2,476,672</b>	<b>\$ -</b>
Proceeds of MCL2	-	2,631,579
Embedded derivative at issue date	-	(426,827)
Interest expense (accretion and coupon)	9,338	32,156
Amortization of debt discount	28,422	239,764
Foreign exchange gain immediately prior to conversion	(97,323)	-
Interest payable on convertible debenture	13,023	-
Settled by shares issued upon conversion of debt	(2,430,132)	-
<b>Balance, end of year</b>	<b>\$ -</b>	<b>\$2,476,672</b>

*Derivative Liability*

For the year ended December 31,	2019	2018
<b>Balance, beginning of period/since inception</b>	<b>\$435,390</b>	<b>\$ 426,827</b>
Derivative loss recorded	121,571	8,563
Settled by shares issued upon conversion of debt	(556,961)	-
<b>Balance, end of year</b>	<b>\$ -</b>	<b>\$435,390</b>

*Promissory Note April 2019*

On April 22, 2019, the Chairman, CEO and principal shareholder, advanced USD\$3,000,000 by way of a promissory note to the Corporation. 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. Accounting standards require 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 recognised over the life of the Promissory Note as an accretion expense.

For the year ended December 31,	2019	2018
<b>Issuance of promissory note</b>	<b>\$4,005,900</b>	\$-
Interest rate benefit recognized as Shareholder contribution	(902,103)	-
Accretive expense	332,202	-
Foreign exchange translation gain	(65,469)	-
<b>Balance, end of year</b>	<b>\$3,370,530</b>	\$-

*ACQUISITION OF ECUASOLIDUS, S.A. 2017*

On May 26, 2017, the Corporation acquired all of the issued and outstanding shares of ESA (the "Transaction") pursuant to an Agreement of Purchase and Sale (the "Agreement" from Dr. Keith Barron, Chairman and CEO and significant shareholder of the Corporation (the "Vendor"). The purchase price consideration paid and the net assets acquired by the Corporation were as follows:

<b>Consideration paid</b>	
Cash	\$500,000
1,000,000 common shares	1,765,542
Transaction costs	203,769
	<b>\$2,469,311</b>
<b>Identifiable assets and liabilities assumed</b>	
Equipment	\$4,840

Sundry receivables and prepaid expenses	22,048
Trade payables and accrued liabilities	(365,200)
Promissory notes	(2,703,560)
<b>Fair value of net liabilities assumed</b>	<b>\$(3,041,872)</b>

The deficiency of the fair value of the net assets of ESA over the purchase price, in the amount of \$5,511,183 has been recognized in the statement of loss, principally in the second quarter 2017.

As a condition of the closing of the Transaction, the Corporation agreed to settle certain outstanding debt owed by the Corporation to the Vendor, or its affiliate or affiliates by issuing common shares of the Corporation to the Vendor or as he may so direct, at a deemed price of \$2.00 per common share, in an aggregate amount not to exceed \$750,000 (the "Debt Settlement").

As a result of the Transaction, but not forming a part of it, the following obligations were acquired:

- A cash repayment of US\$1,000,000 for the MCL1 as discussed above; and
- A 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 the Vendor.

#### **OTHER**

Although not deemed an Interest in Material Transactions, certain related party agreements with Management exist and are detailed in the Related Party section of the annual consolidated financial statements for the years ended December 31, 2019, 2018 and 2017.

Apart from the transactions mentioned above, no Director, Executive Officer or significant shareholder of the Corporation, or any associate or affiliate of the foregoing, has had any material interest, direct or indirect, in any transaction within the three most recently completed financial years or during the current financial year prior to the date of this AIF that has materially affected or would materially affect the Corporation.

## TRANSFER AGENT AND REGISTRARS

The Corporation's transfer agent and registrar is TSX Trust, 301-100 Adelaide Street West, Toronto, ON, M5H 4H1.

## MATERIAL CONTRACTS

Apart from the contracts listed below, there are no contracts of the Corporation, other than contracts entered into in the ordinary course of business, that are material to the Corporation and that were entered into by the Corporation within the financial year ending December 31, 2019, or that have been entered into since the Corporation's incorporation in June 26, 2007 and that are still in effect.

The Lost Cities – Cutucú Project Properties are subject to a two percent (2%) net smelter return royalty on metal production and a two percent (2%) net sales return royalty on non-metallic products payable to Dr. Keith Barron, Chairman, CEO and major shareholder.

## INTERESTS OF EXPERTS

### Names of Experts

Following are the names of each person or company who is named as having prepared or certified a report, valuation, statement or opinion described, included or referred to in a filing made under National Instrument 51-102 by the Corporation during or relating to the financial year ended December 31, 2020 and up to the date of this AIF, whose profession or business gives authority to such report, valuation, statement or opinion:

1. McGovern Hurley LLP are Aurania's auditors (regarding the Financial Statements and auditors' report thereon); and
2. Robert Page, P.Geo. the author of the Technical Report, "A Technical Review of the Lost Cities – Cutucu Exploration Project, Morona-Santiago Province, Ecuador", the Effective Date of which is December 21, 2019.

### Interests of Experts

McGovern Hurley LLP are Aurania's auditors, and have advised the Corporation that they are independent of the Corporation within the meaning of the relevant rules and related interpretations prescribed by the relevant professional bodies in Canada and any applicable legislation or regulation.

Robert Page, P.Geo., the Author of the Technical Report entitled "A Technical Review of the Lost Cities – Cutucu Exploration Project, Morona-Santiago Province, Ecuador", dated December 21, 2019, has advised the Corporation that he was, at all relevant times, not the registered and/or beneficial owner, directly or indirectly, of any of the outstanding common shares of the Corporation.

The aforementioned firms or persons held either less than one percent or no securities of the Corporation or of any associate or affiliate of the Corporation when they prepared the reports or the mineral reserve estimates referred to, or following the preparation of such reports or data, and either did not receive any or received less than a one percent direct or indirect interest in any securities of the Corporation or of any associate or affiliate of the Corporation in connection with the preparation of such reports or data.

None of the aforementioned firms or persons, nor any directors, officers or employees of such firms, are currently, or are expected to be elected, appointed or employed as, a director, officer or employee of the Corporation or of any associate or affiliate of the Corporation.

## ADDITIONAL INFORMATION

Additional information relating to Aurania is available on SEDAR at [www.sedar.com](http://www.sedar.com). Additional information, including information concerning directors' and officers' remuneration and indebtedness, principal holders of the Corporation's securities and securities authorized for issuance under equity compensation plans, where applicable, is contained in the Management Information Circular of the Corporation dated April 30, 2020.

Additional financial information is provided in Aurania's Financial Statements and MD&A for the financial year ended December 31, 2019.

## APPENDIX A:

## Charter of the Audit Committee — Adopted March 4, 2020

This charter shall govern the activities of the Audit Committee (the “Committee”) of the Board of Directors (the “Board”) of Aurania Resources Limited (the “Corporation”).

**Mandate**

The main purpose of the Committee is to provide assistance to the Board in fulfilling its stewardship responsibility for the Corporation with respect to the quality and the integrity of the Corporation’s financial reporting practices, the qualifications and independence of the independent auditors of the Corporation (the “Independent Auditors”) and the audit process. In so doing, it is the responsibility of the Committee to facilitate and promote free and open communication among the directors of the Corporation, the Independent Auditors and the financial management of the Corporation.

The function of the Committee is one of oversight. Management is responsible for the preparation, presentation and integrity of the Corporation’s financial statements and of the appropriateness of the accounting principles and reporting policies that are used by the Corporation. The Independent Auditors are responsible for auditing the Corporation’s annual financial statements.

**Composition**

1. The Committee must be comprised of a minimum of three directors of the Corporation, all of whom are independent (as defined under applicable securities laws, instruments, rules and policies and applicable regulatory requirements).
2. Each member of the Committee shall be financial literate and at least one member shall have expertise in financial reporting.
3. The members of the Committee will be appointed by the Board annually at the first meeting for the Board following the annual meeting for the shareholders to serve until the next annual meeting of shareholders or until their successors are duly appointed.
4. The Board shall designate one member to act as Chair of the Committee or, if it fails to do so, the members of the Committee shall appoint the Chair among its members.

**Meetings**

5. The Committee shall meet at least four times a year, with the authority to convene additional meetings as circumstances require. A majority of the members of the Committee shall constitute a quorum. The Committee may also act by unanimous written consent of each of its members.
6. At each regular meeting, the Committee shall hold an *in camera* session without management present.
7. The Committee shall keep minutes of its meetings which shall be available for review by the Board. The Committee may appoint any person to act as the secretary at any meeting.
8. The Committee may invite such officers, directors and employees of the Corporation and such other advisors and persons as it may see fit, from time to time, to attend at meetings of the Committee.

9. The Committee shall report its determinations to the Board at the next scheduled meeting of the Board, or earlier if the Committee deems necessary.

## **Responsibilities**

### ***Financial Accounting, Internal Control and Reporting Process***

10. The Committee is responsible for:
  - (a) Reviewing and reporting to the Board on the quarterly and annual financial statements, notes and management's discussion and analysis ("MD&A");
  - (b) Satisfying itself that the audit function has been effectively carried out;
  - (c) Discussing and meeting with, when it deems appropriate to do so and no less frequently than annually, the Independent Auditors, the Chief Financial Officer and any Management it wishes to, to review accounting principles, practices, judgements of Management, internal controls and such other matters as the Committee deems appropriate;
  - (d) Reviewing any post-audit or management letter containing the commendation of the Independent Auditors and Management's response and subsequent follow-up to any identified weaknesses; and
  - (e) Oversight of the Corporation's compliance and reporting process under the *Extractive Sector Transparency Measures Act*.

### ***Public Disclosure***

11. The Committee shall:
  - (a) Review the annual and interim financial statements and related MD&A, news releases that contain significant financial information that has not previously been released to the public, and any other public disclosure documents that are required to be reviewed by the Committee under any applicable laws and satisfy itself that the documents do not contain any untrue statement of material fact or omit to state a material fact required to be stated or that is necessary to make a statement not misleading in light of the circumstances under which it was made before the Corporation publicly discloses this information; and
  - (b) Satisfy itself that adequate procedures are in place for the review of the Corporation's public disclosure of financial information extracted or derived from the Corporation's financial statements and periodically assess the adequacy of these procedures.

### ***Risk Management***

12. The Committee shall inquire of Management and the Independent Auditors about significant risks or exposures, both internal and external, to which the Corporation may be subject, and assess the steps Management has taken to minimize such risks. The Committee shall annually review the directors' and officers' third-party liability insurance of the Corporation.

### ***Independent Auditors***

13. The Committee shall be responsible for recommending to the Board, for appointment by shareholders, a firm of external auditors to act as Independent Auditors and for monitoring the independence and performance of the Independent Auditors, including attendance at private meetings with the Independent Auditors and reviewing and approving their remuneration.

14. The Committee shall be responsible for resolving disagreements between Management and the Independent Auditors regarding financial reporting and monitor and assess the relationship between management and the Independent Auditors and monitor the independence and objectivity of the Independent Auditors.
15. The Committee shall pre-approve all audit and non-audit services not prohibited by law to be provided by the independent auditors. At the discretion of the Committee, pre-approvals requested in between regular meetings may be approved by the Chair.
16. The Committee shall review the Independent Auditor's audit plan, including scope, procedures and timing of the audit.
17. The Committee shall review the results of the annual audit with the Independent Auditors, including matter related to the conduct of the audit.
18. The independent auditors are responsible for planning and carrying out an audit of the Corporation's annual financial statements in accordance with generally accepted auditing standards to provide reasonable assurance that such financial statements are in accordance with International Financial Reporting Standards ("IFRS"). The Committee shall obtain reports from the Independent Auditors (either orally or in writing) describing critical accounting policies and practices, alternative treatments of information withing IFRS that were discussed with management, their ramifications, and the Independent Auditors' preferred treatment and material written communications between the Corporation and the Independent Auditors.
19. The Committee shall review fees paid by the Corporation to the Independent Auditors and other professionals in respect of audit and non-audit services on an annual basis.
20. The Committee shall monitor the external auditor's qualifications and independence and the rotation of the partners on the audit engagements team of external auditors in accordance with applicable rules.

***Other Responsibilities***

21. The Committee shall review all proposed related party transactions that are not dealt with by a special Committee of independent directors pursuant to applicable securities laws.
22. The Committee shall establish procedures for:
  - (a) The receipt, retention and treatment of complaints received by the Corporation regarding accounting, internal accounting controls or auditing matters; and
  - (b) The confidential, anonymous submission by employees of the Corporation of concerns regarding questionable accounting or control related matters.
23. The Committee shall review accounting and financial human resources succession planning within the Corporation.
24. The Committee and its members shall review their own performance and assess the adequacy of this charter at least annually and submit any proposed revisions to the Board for approval.
25. The Committee shall perform any other activities consistent with this mandate and applicable law, as the Committee or the Board deems necessary or appropriate.

***Authority***

26. The Committee has the authority to:
  - (a) Engage, at the expense of the Corporation, independent counsel and other experts or advisors as it determines necessary to carry out its duties;



- (b) Approve and pay the compensation for any independent counsel and other experts and advisors retained by the Committee;
- (c) Communicate directly with the Independent Auditors of the Corporation;
- (d) Conduct any investigation appropriate to its responsibilities, and request the Independent Auditors as well as any officer of the Corporation, or outside counsel for the Corporation, to attend a meeting of the Committee or to meet with any members of, or advisors to, the Committee; and
- (e) Have unrestricted access to the books and records of the Corporation.