



# AURANIA



**AURANIA RESOURCES LTD.**

**MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION  
AND RESULTS OF OPERATIONS**

**For the Three and Nine Months Ended September 30, 2023**

(Expressed in Canadian Dollars unless otherwise indicated)



## INTRODUCTION

Aurania Resources Ltd. (“Aurania” or the “Company”) is a publicly traded junior mining exploration company engaged in the identification, evaluation, acquisition, and exploration of mineral property interests, with a focus on precious metals and copper in South America. Aurania’s principal asset is a 100% holding of the Lost Cities – Cutucu project (“Lost Cities Project”) that covers approximately 208,000 hectares (“Ha”) in southeastern Ecuador. The Company has also applied for mineral concessions in adjacent northern Peru (“Peru Project”, and together with the Lost Cities Project, the “Projects”) and these applications are progressing through the lengthy review process that precedes the granting of the mineral concessions. This Management’s Discussion and Analysis (“MD&A”) is a review of the financial condition and results of operations by the management (“Management”) of Aurania for the nine months ended September 30, 2023 (the “Reporting Period”). This MD&A is prepared as at November 24, 2023, unless otherwise indicated, and should be read in conjunction with the unaudited condensed interim consolidated financial statements and the notes related thereto for the nine months ended September 30, 2023 (the “Financial Statements”) which have been prepared in accordance with International Financial Reporting Standards (“IFRS”). All monies are expressed in Canadian dollars unless otherwise indicated. Additional information relevant to the activities of the Company has been filed electronically through the System for Electronic Document Analysis and Retrieval (“SEDAR+”) – <http://www.sedarplus.ca> and are also available on the Company’s website <http://www.aurania.com>.

## CAUTIONARY NOTE

This MD&A contains “forward-looking information” under applicable Canadian securities legislation. Except for statements of historical fact relating to the Company, information contained herein constitutes forward-looking information, including any information as to the Company’s strategy, plans or future financial or operating performance. Forward-looking statements are characterized by words such as “plan,” “expect”, “budget”, “target”, “project”, “intend”, “believe”, “anticipate”, “estimate” and other similar words, or statements that certain events or conditions “may” or “will” occur. Forward-looking statements are based on the opinions, assumptions and estimates of Management, considered reasonable at the date the statements are made, and are inherently subject to a variety of risks and uncertainties and other known and unknown factors that could cause actual events or results to differ materially from those projected in the forward-looking information. These factors include the Company’s expectations related with exploration concepts on its projects, potential development and expansion plans on the Company’s projects, the impact of general business and economic conditions, global liquidity, inflation, inability to raise additional funds as may be required through debt or equity markets, fluctuating metal prices (such as gold, silver and copper), currency exchange rates (such as the Canadian Dollar (“\$”) and Swiss Franc (“CHF”) and the United States Dollar (“USD”) and Peruvian Sol (“SOL”)), changes in accounting policies, risks related to non-core asset disposition, risks related to acquisitions, changes in project parameters as plans continue to be refined, changes in exploration time-frames, the possibility of project cost-overruns or unanticipated costs and expenses, higher prices for fuel, power, labour and other consumables contributing to higher costs and general risks of the mining industry, poor success of exploration sites, permitting timelines, government regulation and the risk of government expropriation of mining operations, environmental risks, unanticipated reclamation expenses, title disputes or claims, limitations on insurance coverage and timing and possible outcome of labour disputes and/or shortages, as well as those risk factors discussed or referred to herein. Although the Company has attempted to identify important factors that could cause actual actions, events or results to differ materially from those described in forward-looking information, there may be other factors that cause actions, events or results not to be anticipated, estimated or intended. There can be no assurance that forward-looking information will prove to be accurate, as actual results and future events could differ materially from those anticipated in such statements. The Company has no obligation to update forward-looking statements if circumstances or Management’s estimates, assumptions or opinions should change, except as required by applicable law. The reader is cautioned not to place undue reliance on forward-looking information. The forward-looking information contained herein is presented to assist investors in understanding the Company’s expected financial and operational performance and results as at, and for the periods ended on, the dates presented in the Company’s plans and objectives and may not be appropriate for other purposes.



## THIRD QUARTER 2023 HIGHLIGHTS

On July 24, 2023, the Company announced it has applied for an exploration license in the Brittany Peninsula of northwestern France. The concession area has historically been the site of significant high-grade gold finds. Placer gold in streams is present in the vicinity of the area.

Aurania's CSR team continued to work with local communities in Ecuador to advance various social programs and initiatives within the areas of the Company's key targets, strengthening the bonds with the communities and improving the Company's social license.

The Company received the balance of the \$2,000,000 loan from Dr. Keith Barron, authorized by the Board of Directors on June 14, 2023. The loan is unsecured, bears interest at 2% per annum and matures upon notice of twelve months and one day from the lender. The loan will be used for working capital, general corporate purposes, and exploration expenses in Ecuador.

The Company has continued its cost-cutting measures to preserve cash and will continue to consider alternative sources of funding that would enable exploration activities, such as finishing the Anaconda mapping on Awacha and bring it to drill readiness in the following months. The proposed exploration activities are dependent on raising further funding.

### 1.1. Exploration – Lost Cities Project, Ecuador

#### 1.1.1 Operational strategy

##### (a) Review of operational strategy and priority areas

On February 28, 2022, the Company announced the Board approval of a revised corporate strategy focusing its financial and human resources on the exploration of Aurania's core mineral concessions in Ecuador after an internal review of its projects, target types and potential funding strategies (the "February 2022 Review").

The strategy concentrates Aurania's resources on the epithermal gold and porphyry copper exploration at the Company's Lost Cities – Cutucu Project in Ecuador while exploring joint ventures and other potential partnerships in respect of advancing concessions. The Company has identified the Awacha porphyry copper target, the Tatasham target, and the Kuri-Yawi and Kuripan epithermal gold targets as having the highest priority in the short term for further exploration and target refinement.

Additionally, as explained at the Company's Annual and Special Meeting of Shareholders on June 14, 2023, the Company continues to analyze possible options to secure additional ground where Senior Geophysical Consultant Jeremy S. Brett, M.Sc. P.Geo. identified over 200 discrete targets on the aeromagnetic coverage that could potentially be of copper porphyry nature. At this time, there is no assurance the Company will be able to reach this goal.

##### (b) Intrusive-related copper targets

**Awacha:** The target area comprises a cluster of geophysical anomalies representing porphyry targets located in an area approximately 9 km x 6 km in size. Mobile Magnetotellurics ("MobileMT") geophysics has indicated a buried conductive body in excess of 4 km x 5 km in size. The anomaly has the "classic doughnut" shape of a porphyry body. The conductive anomaly coincides with copper and molybdenum stream sediment anomalies and with quartz-sericite-pyrite ("QSP") alteration exposed in stream beds from field work reported in 2018. This is classic "phyllitic" alteration seen in porphyry systems. The Company continues to work on the interpretation of the data collected during the first phase of the Anaconda mapping conducted in 2022.

In **Kuri-Yawi**, no additional exploration was made during the third quarter of 2023.

### (c) Epithermal targets for gold-silver

**Tatasham:** Three holes were drilled between the fourth quarter of 2022 and the first quarter of 2023. The Tatasham target was considered only a porphyry target before the initial drilling. Nevertheless, the discovery of a breccia including clast of sinters and a sinter boulder 1,300m further to the south, led us to reclassify the area as having both epithermal and porphyry targets. The three holes were drilled for a total of 1,664.64m including 898.89m during the first quarter of 2023.

No additional exploration was made during the third quarter of 2023 in **Kuri-Yawi B1, Kuripan, and Latorre C**.

### (d) Regional exploration

No regional exploration was conducted during the third quarter of 2023.

#### 1.1.2 Mineral Property Interests

The Company made its annual concession fee payment of USD2,337,345 (\$3,165,349) in March 2023, and thereby met a key requirement for maintaining the concession block in good standing. The requirements to maintain the concessions in good standing are detailed in section 3.7 of this MD&A.

#### 1.1.3 Corporate Social Responsibility (“CSR”)

The Company’s CSR team continues to be our first point of contact with local communities, the majority of which are indigenous. The Company currently has social license to operate in 55 communities located within the Lost Cities Project area.

The CSR team has worked in conjunction with the Step Forward Foundation (the “Foundation”) in different projects supporting local residents in education, nutrition, community ties, sports, and social aid. The Company is currently delivering a six-month micro-business program to 100 women from five communities to improve the economy of their families and communities. This program, originally scheduled from April to September, has been extended until November of 2023. This helps to strengthen their financial and relationship skills. Graduation will be during the first week of December 2023.

The CSR team and the Foundation started a pilot project in alliance with the Mathkind organization to train and provide key tools for teaching and coaching children in the learning of mathematics. The main objective is to reduce the educational gap in the rural areas. There are already three communities and twelve teachers involved in the program.

Aurania’s CSR team continues to strengthen the communities through programs and workshops on leadership development for community leaders located in Tatasham and Awacha, delivering support to indigenous grassroots organizations in conflict resolution and decision making, and providing guidance in the process of adjudication of their territories with training on the use of GPS to define property limits and helping them as a bridge to government entities for the recognition of property.

#### 1.1.4 Health & Safety

There were no reportable accidents in the field during the third quarter of 2023.

#### 1.1.5 Environment & Water

Monitoring of water quality upstream and downstream of offtake points for drilling and exploration camps is on-going, up to date and no issues have been detected.

## 1.2 Exploration Project, Peru

#### 1.2.1 Mineral Property Interests

The Company retained its interest in 94 concessions covering 93,300Ha in northern Peru and decided to withdraw the applications pending verification by local authorities, keeping only the concessions already granted. Further details are provided in sub-section 3.7.2.

### 1.2.2 Exploration – Data Compilation

An initial geological reconnaissance visit was conducted in 2022 in selected concessions. This work confirmed the presence of favorable geology indicative of potential sediment-hosted copper deposits.

## 1.3 Exploration Project, France

The Company applied for an exploration license in the Brittany Peninsula of northwestern France through a wholly-owned French subsidiary. The concession area has historically been the site of significant high-grade gold finds. Placer gold in streams is present in the vicinity of the area.

Brittany peninsula is part of the orogenic Variscan belt. Aurania applied for a 51km<sup>2</sup> exploration permit immediately in the vicinity of a major shear zone called South Armorican Shear (cisaillement sud-armoricain). In other parts of the Variscan belt, similar irregularities have shown to contain large gold deposits such as in Newfoundland, Canada or the north of Spain. In the area of interest, numerous gold nuggets or blocks of quartz containing high-grade gold were found. At the end of the 19<sup>th</sup> century, two auriferous quartz blocks of 1.17 kg and 1.47 kg were found at a distance of 400 m from each other. Recently, the Paris museum acquired a block from this area containing 922 g of gold for a total weight of 3.31 kg. Around the 1980s, the BRGM (French equivalent of the USGS in the United-States) carried out alluvial sampling in the area which showed the presence of gold.

The existence of high gold concentrations in quartz veins indicates that a major hydrothermal system was active in the area bounded by Aurania. Indeed, the geology of the area consists of calc-alkaline and anatectic granites which are intensely altered in clay.

Aurania’s geologists have visited the area and found numerous blocks of quartz and evidence of past mining activity. Part of the site contains deep water-filled pits and trenches that were presumably dug in the 19<sup>th</sup> century. Growth of moss on the quartz rocks is considered “luxuriant” and there is no evidence of modern prospecting or mining activity in the area. There has been no glaciation at the site and so the quartz vein material at surface is more or less “in situ”.

## 1.4 Funding

### 1.4.1 Related party loan

On June 14, 2023, the Company announced the approval from the Board of Directors to receive a loan from Dr. Keith Barron, a related party of the Company, by he is the Chairman, the President and Chief Executive Officer, a promoter and a principal shareholder of the Company for an aggregate of \$2,000,000, received in advances between June 20 and September 20, 2023. In accordance with the terms and conditions of the promissory note, the loan is due and payable and shall be repaid in full upon notice of twelve months and one day from the lender to the Company, where upon all unpaid principal and accrued interest there under shall be payable to the lender. The Loan is unsecured and bears interest at a rate of two percent (2%) per annum. Further details are provided in Note 9 of the condensed consolidated interim financial statements for the three and nine months ended September 30, 2023 and Section 7 – Indebtedness in this MD&A.

## 2. SELECTED FINANCIAL INFORMATION

Table 1: Selected financial information

	As at September 30, 2023	As at December 31, 2022
Cash	\$204,264	\$1,473,768
Total assets	640,281	2,353,500
Total liabilities	10,399,511	9,385,756
Shareholders’ equity (surplus)	(9,759,230)	(7,032,256)
Accumulated deficit	\$(97,673,544)	\$(91,520,949)

The change in the accumulated deficit is discussed in detail in Section 4 – Consolidated loss and comprehensive loss.

### 3. DISCUSSION OF OPERATIONS

#### 3.1 Exploration expenditures by target type

Table 2: Accumulated project expenses by target type.

Exploration Category	Budgeted project expenditures										Actual expenditures							Differences	Discussion <sup>5</sup>
	December 2019 Technical Report	Use of Proceeds ("UoP") Oct 2020 Offering <sup>3</sup>	UoP April 2021 Public offering/Private placement <sup>1</sup>	UoP Oct 2021 Public offering <sup>3,6</sup>	UoP Mar 2022 Private Placement and Promissory Note	UoP Jun 2022 Promissory Note	UoP Aug 2022 Promissory Note	UoP Dec 2022 Private Placement	UoP Mar 2023 Private Placement	Budgeted Cumulative Total	Year ended December 31, 2020	Year ended December 31, 2021 <sup>4,6</sup>	Year ended December 31, 2022	3 months ending March 31, 2023	3 months ending June 30, 2023	3 months ending September 30, 2023	Cumulative Total		
<b>Ecuador</b>																			
Regional / Reconnaissance Exploration	\$600,000	\$390,000	\$476,591	\$ -	\$ -	\$595,000	\$1,000,000	\$ -	\$ -	\$3,061,591	\$980,499	\$1,321,403	\$435,336	\$25,662	\$24,610	\$14,189	\$2,801,698	\$259,893	Refer to 3.2.1
Target Development																			
Epithermal Gold-Silver	2,530,000	1,970,000	1,911,073	356,820	-	-	-	-	-	6,767,893	1,772,760	2,651,317	\$262,684	\$66,229	\$21,966	\$19,886	\$4,794,842	\$1,973,051	Refer to 3.2.2
Sediment-Hosted Copper-Silver	1,200,000	887,000	251,437	320,000	-	-	-	-	-	2,658,437	805,288	3,938,259	\$224,957	\$25,662	\$20,445	\$19,431	\$5,034,043	\$(2,375,606)	Refer to 3.2.4
Intrusive-Related Copper	1,000,000	2,164,000	115,780	350,000	-	-	-	1,879,685	-	5,509,465	4,223,749	2,286,037	\$1,656,850	\$700,916	\$292,921	\$91,171	\$9,251,645	\$(3,742,180)	Refer to 3.2.3
Carbonate-Hosted Silver-Zinc-Lead	170,000	759,000	1,393,592	250,000	-	-	-	-	-	2,572,592	670,043	1,481,529	\$189,069	\$133,330	\$59,475	\$41,045	\$2,574,491	\$(1,899)	Refer to 3.2.4
Community Social Responsibility	250,000	350,000	526,098	390,000	-	-	-	-	-	1,516,098	906,800	847,972	\$419,165	\$123,428	\$127,083	\$75,534	\$2,499,982	\$(983,884)	Refer to 3.4
Environmental, Health and Safety	-	-	292,968	225,000	-	-	-	-	-	517,968	-	993,475	\$256,548	\$58,113	\$20,169	\$15,456	\$1,343,761	\$(825,793)	Refer to 3.5 and 3.6
Concessions <sup>1</sup>	2,800,000	2,800,000	53,100	1,470,000	1,400,000	-	-	-	3,165,349	11,688,449	2,785,907	2,613,615	\$2,776,966	\$3,165,349	-	-	\$11,341,837	\$346,612	Refer to 3.7.1
Other projects	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	61,488	\$61,488	-	-
<b>Peru</b>																			
Concession and legal fees <sup>2</sup>	-	-	327,156	-	-	405,000	-	-	-	732,156	219,314	1,281,174	\$590,456	\$208	\$(120,426)	\$383,871	\$2,354,596	\$(1,622,440)	Refer to 3.7.2
Desktop studies	-	50,000	134,823	-	-	-	-	-	-	184,823	68,759	(29,990)	-	-	-	-	\$38,769	\$146,054	-
<b>Working capital</b>	-	-	-	-	1,440,781	-	-	-	-	1,440,781	-	-	-	-	-	-	-	\$1,440,781	-
<b>Total</b>	<b>\$8,550,000</b>	<b>\$9,370,000</b>	<b>\$5,482,618</b>	<b>\$3,361,820</b>	<b>\$2,840,781</b>	<b>\$1,000,000</b>	<b>\$1,000,000</b>	<b>\$1,879,685</b>	<b>\$3,165,349</b>	<b>\$36,650,253</b>	<b>\$12,433,119</b>	<b>\$17,384,792</b>	<b>\$ 6,812,030</b>	<b>\$ 4,298,898</b>	<b>\$ 446,242</b>	<b>\$ 722,071</b>	<b>\$ 42,035,665</b>	<b>\$(5,385,412)</b>	

<sup>1</sup> The 2019 Technical Report excluded a line item for concession fees

<sup>2</sup> USD352,925 of the concession payments made in June 2021, fourth quarter of 2022 and June 2023 were satisfied by credit certificates from rejected property interest.

<sup>3</sup> Expenditures incurred have been largely consistent with the proposed use of proceeds with any variations discussed in the respective section.

<sup>4</sup> Certain costs included in Regional Exploration and Target Definition in the first and second quarters has been reclassified to Environment, Health and Safety.

<sup>5</sup> See 1.1.1 (a) Review of operational strategy and priority areas.

<sup>6</sup> Further detail is disclosed in the fourth quarter 2021 consistent with the use of proceeds detail in the October 2021 Prospectus.

## 3.2 Exploration of the Lost Cities Project, Ecuador

### 3.2.1 Reconnaissance Exploration

Stream sediment sampling had been completed over 66% of the Lost Cities Project.

### Target development

Table 3: Summary of priority areas for each target type in the Lost Cities Project.

Target Type	Target	Planned	Status
Epithermal Gold-Silver	Kuri-Yawi B1		See sub-section 3.2.2 (b)
	Tatasham	Further exploration to refine epithermal system drill targets	See sub-section 3.2.2 (a) and 3.2.3 (a)
	Kuripan		See sub-section 3.2.2 (c)
Intrusive-Related Copper	Tatasham	Requalified to epithermal and porphyry targets after drilling	See sub-section 3.2.2 (a) and 3.2.3 (a)
	Awacha	Further exploration to refine porphyry-style drill targets	See sub-section 3.2.3 (b)

### 3.2.2 Epithermal Targets for Gold-Silver

#### (a) Tatasham

The Tatasham target was considered a porphyry target only before initial drilling commenced in late 2022. Nevertheless, the discovery of a breccia including clast of sinters above hole TT-001 and a sinter boulder 1,300m further to the south led us to reclassify the area as having both epithermal and porphyry targets. Three holes were drilled between the fourth quarter of 2022 and the first quarter of 2023, for a total of 1,664.64m including 898.89m during the first quarter of 2023. Holes TT-001 and TT-002 have crossed a zone of intense silicification associated with fault and breccia. It is believed to be the distal part of an epithermal system. Hole TT-003 crossed a sinter paleosurface with more than 30m thickness above an intense silicified zone with breccias and barite veins.

#### (b) Kuri-Yawi

During 2021 and 2020, nine scout holes for a total of 4,957 metres were drilled to test the soil geochemistry anomalies and one of the geophysical anomalies detected during the MobileMT survey in 2021. The results show intense and pervasive hydrothermal clay mineral alteration (illite with areas of kaolinite) and silica-carbonate veinlets that exhibit epithermal textures which are encouraging features consistent with proximity to an epithermal system.

#### (c) Kuripan

A soil grid showed two main areas with enrichment of epithermal pathfinders, arsenic and selenium, with erratic gold values in the northern part of the target area. Sinter is exposed in the southern part of the target area.

**(d) Latorre C**

Sinter material previously identified defines probable upwelling zones that typically lie at the core of epithermal systems. One of these zones has associated gold in soil. MobileMT data shows the presence of a conductor at depth within the Latorre C target area. This target area is not a priority at this time.

### 3.2.3 Intrusive-Related Copper Targets

**(a) Tatasham**

The Tatasham target is the largest magnetic target identified in the 2017 heliborne geophysical survey. During the third quarter of 2022, an Anaconda mapping method was conducted in the area defined by Dr. Steve Garwin and Aurania's geology team according to soil geochemistry and geophysics. The results of the mapping show an area of intense silicification and fracturation along a major N-trending ridge with a central region of elevated goethite / hematite ratios, which is inferred to represent the oxidation of rocks with elevated chalcopyrite / pyrite ratios. This N-S trend coincides with hydrothermal alteration zones revealed by the IR spectrometry (Terraspec) and characterized by the presence of illite.

**(b) Awacha**

The Awacha target area comprises a cluster of geophysical anomalies representing porphyry targets located in an area approximately 9km x 6km in size. The stream results show anomalies in copper, molybdenum, arsenic and bismuth. Soil results, received at the beginning of 2022, returned a low-grade anomalous copper in soil (> 50 ppm Cu) and rock (> 200 ppm Cu) that extends 7km (north-south) by 1-2km (east-west) through the western part of the prospect. Anaconda mapping started at the end of 2022 and an IR spectrometry (Terraspec) study was conducted at the same time on the rock samples collected in the field. Previous results showed hydrothermal alteration styles that range from chlorite-propylitic to illitic, phyllic (quartz-sericite) and locally potassic (biotite). Different intrusive outcrops from syenite to Monzodiorite and quartz veins locally with chalcopyrite were found during the first phase of the field work at Awacha. Between the fourth quarter of 2022 and the first quarter of 2023, an IR spectrometry (Terraspec) study was conducted by ASL laboratory over a selection of 393 soil samples. These samples have shown the presence of pyrophyllite and dickite, characteristic of advanced argillic alteration that indicate the Awacha area corresponds to the upper part of a porphyry system.

**(c) Kuri-Yawi**

2D MobileMT geophysics defined two porphyry-style targets within the Kuri-Yawi area (Kuri-Yawi F and E). Target E consists of pathfinder element enrichment over a magnetic feature and target F lies in an area of quartz-sericite-pyrite ("QSP") mineral alteration, pathfinder enrichment in soil and intrusive phases in outcrop.

### 3.2.4 Sediment-hosted Targets

A review of the drill core and a stratigraphic study resulted in the definition of a new sediment-hosted deposit model that increases the potential of the area and reorients any future exploration on these targets. The Company believes this target area is favorable geologically, but it is not a high priority at this time given the large extension of the target area.

**(a) Tsenken**

The stratigraphic study based on the drill core review was completed during the fourth quarter of 2022. The results show a favorable geological environment for the presence of additional sediment-hosted copper-silver occurrences similar to the Kupferschiefer deposits of Poland, with the main target being the Hollin formation present in the south part of Tsenken and in Kirus.

**(b) Tiria-Shimpia**

Review of the drill core resulted in the recognition of Cretaceous Napo sediments in a dropped-down graben in the centre of the Project. The zinc, silver and lead mineralization occurs in the calcareous section of the Napo formation, which was originally identified as the much older Santiago formation. Consequently, there is a strong probability of finding the presence of new mineralization along the graben faults subscribing the Napo inlier. Management is quite encouraged by this new interpretation.

### 3.3 Mineral Property Interests and obligations

The Company made its annual Ecuadorian concession fee payment of USD2,337,345 (\$3,165,350) in March 2023, and thereby met a key requirement for maintaining the concession block in good standing. The requirements to maintain the concessions in good standing are detailed in sub-section 3.7.1 – Ecuador Project.

During June 2023, the Company applied the available credits in Peru from rejected mineral property applications from previous years to pay the concession fees corresponding to its 94 concessions, which are in good standing for another year.

### 3.4 Corporate Social Responsibility

The Company's CSR team is working closely with communities, 98% of which are Indigenous, within the Lost Cities Project area. The Company's approach is aligned with the Equator Principles and United Nations Declaration on the Rights of Indigenous Peoples. A Stakeholder Engagement Plan incorporates early stakeholder engagement with a social impact analysis and defines opportunities for mutually beneficial partnerships between the communities, the Company, and the Ecuadorian government.

In order to maximize the economic and social benefits of social programs in the communities where the Company has direct influence and to ensure their long term sustainability, the Company has supported with technical resources and logistics, Government programs from the ministries of Health, Agriculture, Education and Social Inclusion and Economy in addition to its normal-course interaction with the Ministry of Energy and Non-Renewable Resources (the "MENRR") and Ministry of the Environment, Water and Ecological Transition (the "MEWET"). This has benefited such government agencies as access to these remote communities is challenging, and the relationship between Government-Communities has been historically almost inexistent while the Company has strong ties and recognition within them.

The Company currently has social license to operate in 55 communities located within the Lost Cities Project area. The CSR team has worked in conjunction with the Foundation and local residents to install clean water systems in nine communities, building three school libraries, providing school supplies and supporting deworming campaigns. In this alliance, the Company is currently delivering micro-business program to 100 women from five communities to improve the economy of their families and communities which will graduate during the first week of December 2023.

### 3.5 Health and Safety

The Company believes that a safe and healthy workplace is a moral imperative reflecting the Company's respect for the individual and the community. The Company is committed to the safety and health of its employees and constantly monitors trends and reviews current and emerging issues in the safety and health field and evaluates their potential impact on the Company and its employees. Special effort has been directed at working with governmental agencies to improve health, sanitation and education within the Project area.

### 3.6 Environment & Water

Contaminated water, poor sanitation, and poor hygiene have been identified as the prime risk to the health of people living and working in the Lost Cities Project area; hence the Company is investing in education about basic sanitation and water purification methods in conjunction with the Foundation and local residents to install clean water systems in nine communities. In prior years, preliminary assessments of water quality were completed in 53 of the 55 communities within the area of influence of the Lost Cities Project.

The Technical Water Group is in frequent contact with MEWET regarding the processing of water-use permits required for scout drilling. Careful monitoring of water quality upstream and downstream of water offtake points for drilling and camp use is ongoing and no issues have been detected.

## 3.7 Mineral concessions

### 3.7.1 Ecuador Project

#### (a) Mineral concessions and obligations

The Company acquired the rights, title and 100% interest in the Lost Cities Project, comprised of certain mineral concessions covering 207,764Ha in southeastern Ecuador, on December 27 and 28, 2016 and the concessions were subsequently registered with the Mining Registry of the Mining and Non-Renewable Natural Resources Regulation and Control Agency in compliance with the Mining Law. The concessions are valid for 25 years, renewable for a subsequent 25-year period, provided that the concessions are maintained in good standing.

Mineral concessions are regulated according to the following phases:

- **Initial Exploration (up to four years).** On December 31, 2020, the Ecuadorian government adopted new legislation establishing that the four years of Initial Exploration starts on the day the mineral concession holder, having completed certain administrative acts, receives the permits required to effectively conduct work and not, as had previously been the case, the date when the concession is first granted. The effective date for the start of Initial Exploration is considered on a case-by-case basis with each concession having its own initiation date from which the four-year Initial Exploration term is counted. The documents required before permits are granted include: i) Environmental Registry; ii) Certificate of non-affectation of water sources; and iii) Affidavit of not affecting public infrastructure. Each year a concession holder is required to pay a concession fee and meet minimum expenditure requirements, calculated as follows:

- In accordance with the Mining Law, by March 31 each year a Company must pay a concession fee for each concession it holds. The concession fee during the Initial Exploration phase is calculated as 2.5% of the Unified Basic Remuneration ('UBR') per hectare. In 2023 the UBR is USD450 (2022 USD425), equal to USD11.25 (2022 USD10.63) per hectare.
- The Concession holder is also required to make minimum qualifying expenditures on each concession such that they satisfy both the Required Expenditure which is USD5.00 per hectare during Initial Exploration, rising to \$10.00 per hectare thereafter, and the Committed Expenditure, an annual amount that the concession holder files with the Ministry of Energy and Non-Renewable Resources, that it is planning to spend in the subsequent year. Importantly, the annual concession fees are included in the calculation of the minimum expenditure required.

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

Table 4. Summary of expenditure thresholds and commitments related to the Lost Cities Project

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

<sup>1</sup> Paid

<sup>2</sup> Requirement satisfied.

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

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

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



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- **Advanced Exploration (up to four years).** At any time prior to 60 days before the expiry of the Initial Exploration period, a concession holder can apply for a further four years of Advanced Exploration. The four years of advanced exploration period will start counting as soon as the concessionaire obtains the environmental license. The size of each concession must be reduced by a minimum of 1 hectare and the annual concession fee, still payable by March 31 each year, doubles to 5% of the UBR. For 2023 this would equate to USD22.50 per hectare.

In cases where an application to move a concession to Advanced Exploration occurs after the Initial Exploration concession fee is paid prior to March 31 of that year, the concession holder must pay the incremental difference in the concession fee between the date on which the resolution to start the advance exploration period is issued and the last date of that year.

At this time the Company does not know which and how many of its concessions will be advanced to the Advanced Exploration phase and therefore the total potential concession fees and the exploration and expenditure obligations for concessions that advance to Advanced Exploration is unknown.

- **Economic Evaluation** (up to two years) of any deposit identified, which can be extended for an additional two-year period; and
- Thereafter, the concessions are in the **Exploitation Phase**

### (b) Relinquishment or cancellation of concessions

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

### (c) Exploration entitlements

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

## 3.7.2 Peru Project

During the second quarter of 2023, the Company decided to withdraw the applications pending to be verified by local authorities, keeping only the 94 concessions already granted.

### (a) Obligations related to the concession and concession applications

As at September 30, 2023, the Company's land position in Peru consists of a total of 94 concession titles covering 93,300 hectares.

- The corresponding accrual for concession fees was cancelled and presented as a benefit in explorations cost during the second quarter. During the third quarter, the Company registered the accrual corresponding to the current year concessions fee which will be paid next year.
- The annual concession fee of USD3.00 per hectare required to keep the concessions in good standing was covered with the credits from rejected mineral property applications from previous years, available to be applied in the INGEMMET for concessions fees.
- At this time, the Company has no current plans to perform additional exploration on the project in Peru, and is considering alternatives to further this project, including potential joint venture opportunities.

## 4. CONSOLIDATED AND COMPREHENSIVE LOSS

At September 30, 2023, the Company incurred a loss of \$8,661,041 (2022 - \$8,021,527), increasing the accumulated deficit from \$91,520,949 at December 31, 2022 to \$97,673,544 at September 30, 2023.

Table 5. Expenditures for the three and nine months ended September 30, 2023 and 2022.

	Three months ended September 30,		Nine months ended September 30,	
	2023	2022	2023	2022
<b>Operating Expenses:</b>				
Exploration expenditures	\$722,071	\$532,831	\$5,467,211	\$5,455,832
Stock-based compensation	\$286,744	36,480	531,729	909,639
Investor relations	109,897	114,523	307,659	447,141
Office and general	237,631	394,743	743,128	938,450
Management fees	61,601	66,631	236,621	661,692
Professional and administration fees	22,087	10,843	54,466	135,396
Regulatory and transfer agent fees	27,412	27,623	157,263	124,716
Director and advisor fees	-	0	-	30,000
Amortization	25,465	16,535	82,471	48,707
<b>Total expenses</b>	<b>\$1,492,908</b>	<b>\$1,200,209</b>	<b>\$7,580,548</b>	<b>\$8,751,573</b>
<b>Other Expenses/(Income)</b>				
Loss (gain) on foreign exchange	142,242	407,097	40,366	516,761
Interest income	(367)	(3,293)	(3,594)	(5,672)
Accretion of shareholder contribution	395,309	267,828	1,043,721	638,983
<b>Net loss and comprehensive loss for the period</b>	<b>\$2,030,092</b>	<b>\$1,871,841</b>	<b>\$8,661,041</b>	<b>\$9,901,645</b>
<b>Basic and diluted loss per share</b>	<b>\$0.03</b>	<b>\$0.05</b>	<b>\$0.13</b>	<b>\$0.15</b>
Weighted average common shares outstanding – basic and diluted	67,471,737	53,976,328	64,501,351	53,000,187

The Company's accounting policy is to expense exploration expenditures and therefore the \$5,467,211 million expense in exploration represents the majority (63%) of the total loss. A discussion of the principal expenditure items follows:

### Exploration expenditures

Three holes were drilled at the Tatasham target between the fourth quarter of 2022 and the first quarter of 2023 for a total of 1,664.64m drilled. The main costs components of the drilling program are the drill company services and the helicopter used to transport the equipment, followed by the people at the specific locations where the three holes were made. Previous experience was capitalized to optimize the usage of the helicopter and prevent additional costs due to waiting times.

Concession fee annual payments and related filings account for a large portion of the exploration expenditures. Payments were completed and made on time as required to ensure the concessions remain in good standing in Ecuador and Peru.

Other exploration costs include the crew, camping and meals, lab analysis, geochemistry and technical consulting, administration, environment, health and safety and CSR supporting the drilling activity among other expenses.



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Table 6. Breakdown of exploration expenditures.

	Three months ended September 30,		Nine months ended September 30,	
	2023	2022	2023	2022
<b>ECUADOR</b>				
<b>GEOLOGY/FIELD:</b>				
- Salaries, benefits	\$39,984	\$163,191	\$483,102	\$761,928
- Camp costs, equipment, supplies	51,766	51,445	183,941	333,897
- Project management	62,105	35,081	173,296	133,357
- Travel, accommodation	1,200	11,899	70,891	88,791
- Office (Quito, Macas)	4,791	9,000	20,005	33,146
- Environment, health & safety	7,784	46,173	106,747	187,612
- Water	15,456	14,347	50,332	46,234
- Drilling	-	-	475,210	-
<b>GEOCHEMISTRY</b>	-	2,938	21,633	113,988
<b>GEOPHYSICS</b>	-	1,900	-	1,900
<b>EXPERT CONSULTANTS</b>	289	1,155	31,608	101,040
<b>OTHER TECHNICAL STUDIES</b>	-	75,704	-	101,173
<b>CORPORATE SOCIAL RESPONSIBILITY – fees, travel, supplies</b>	75,856	98,317	326,787	299,142
<b>LEGAL AND OTHER FOR CONCESSIONS</b>	17,481	7,539	33,170	34,224
<b>CONCESSION MAINTENANCE - permits</b>	-	-	3,165,349	2,776,966
<b>OTHER PROJECTS</b>	61,488	-	61,488	-
<b>Total exploration in Ecuador</b>	<b>\$338,200</b>	<b>\$518,689</b>	<b>\$5,203,559</b>	<b>\$5,013,398</b>
<b>PERU</b>				
- Costs related to concession fee applications	\$381,351	-	\$241,353	\$378,729
- Technical Consulting	2,520	8,922	17,020	26,418
- Travel, accommodation	-	12	404	1,427
- Legal	-	5,208	4,875	35,860
<b>Total exploration in Peru</b>	<b>\$383,871</b>	<b>\$14,142</b>	<b>\$263,652</b>	<b>\$442,434</b>
<b>TOTAL EXPLORATION EXPENSE</b>	<b>\$722,071</b>	<b>\$532,831</b>	<b>\$5,467,211</b>	<b>\$5,455,832</b>

### Other Operating Expenditures

The Company has reduced operating and administrative costs. Other than the drilling program at Tatasham and the increase in cost of the concession fees, all costs have been reduced from the year before.

Table 7: Cash Flow activities

Cash Flow Activities	Nine months ended September 30, 2023	Nine months ended September 30, 2022
Operating	\$ (7,406,270)	\$ (8,617,767)
Financing	6,136,766	4,833,124
Investing	-	-
Decrease/(increase) in cash during the period	\$ (1,269,504)	\$ (3,784,643)

During the nine months ended September 30, 2023, the Company's cash position decreased by \$1.3 million (Table 7), after receiving net proceeds of \$4.2 million from the March Private Placement and \$2.0 million from Dr. Keith Barron's loan. The main cash outflows for the year consist of exploration and corporate expenditures included in Operating activity in the Cash Flow statement and described above in this section.

## 5. SUMMARY OF QUARTERLY RESULT

Table 8. Summary of quarterly result.

Quarters Ended	Net revenue	Net Loss	Loss per Share
September 30, 2023	-	\$2,030,092	\$0.03
June 30, 2023	-	\$1,395,103	\$0.02
March 31, 2023	-	\$5,235,846	\$0.09
December 31, 2022	-	\$2,435,709	\$0.04
September 30, 2022	-	\$1,871,841	\$0.03
June 30, 2022	-	\$2,779,579	\$0.04
March 31, 2022	-	\$5,241,947	\$0.10
December 31, 2021	-	\$3,952,337	\$0.07

## 6. LIQUIDITY AND CAPITAL RESOURCES

### Capital management

The Company considers the capital that it manages to include share capital, share premium, warrants, contributed surplus and shareholder contribution and accumulated deficit, which at September 30, 2023 was a deficiency of \$9,759,230 (December 31, 2022 – deficiency of \$7,032,256). The Company manages its capital structure and makes adjustments to it, based on the funds needed in order to support the acquisition and exploration of mineral properties. Management does this in light of changes in economic conditions and the risk characteristics of the underlying assets. There has been no change with respect to the overall capital risk management strategy during the nine months ended September 30, 2023.

Neither the Company nor its subsidiaries are subject to externally imposed capital requirements, other than those of the TSX Venture Exchange (“TSXV”), which requires adequate working capital or financial resources of the greater of (i) \$50,000 and (ii) an amount required in order to maintain operations and cover general and administrative expenses for a period of six months.

### Liquidity risk

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

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

The Company generates cash flow primarily from its financing activities. As at September 30, 2023, the Company had available cash of \$204,264 (December 31, 2022 – \$1,473,768) to settle current liabilities of \$904,034 (December 31, 2022 – \$1,669,411). Also, the Company has long-term liabilities of \$9,495,477 (December 31, 2022 – \$7,716,345). See note 9 – Promissory notes.

All the Company’s financial liabilities generally have contractual maturities of less than 30 days and are subject to normal trade terms, except for its promissory notes. The Company is obligated to the following contractual maturities of undiscounted cash flows as at September 30, 2023:

Table 9. Summary of financial liabilities.

In Canadian \$ equivalents	Carry amount	Contractual cash flows	October 1, 2023 to September 30, 2024	Thereafter
Accounts payable and accrued liabilities	\$ 847,564	\$ 847,564	\$ 847,564	\$ -
Promissory note 2017	558,081	649,795	-	649,795
Promissory note 2019	3,905,207	4,497,604	-	4,497,604
Promissory note March 2022	1,414,642	1,687,578	-	1,687,578
Promissory note June 2022	876,139	1,046,137	-	1,046,137
Promissory note July 2022	873,452	1,043,452	-	1,043,452
Promissory note June 2023	1,707,874	2,051,836	-	2,051,836
Lease liabilities	216,552	239,171	71,726	167,446
<b>Total</b>	<b>\$ 10,399,511</b>	<b>\$ 12,063,137</b>	<b>\$ 919,290</b>	<b>\$ 11,143,848</b>

### Funding Outlook

As the Company has no steady source of revenues or cash flow and has implemented its exploration plan as anticipated, it is highly probable that additional financing will be required during 2023 to further advance exploration at the Project, to meet ongoing financial obligations and discharge the Company's liabilities, in the normal course of business. Different funding sources are being considered to advance exploration, including equity issuances, short-term loans, the exercise of warrants and stock options and joint venture partnerships.

The Company has been successful in funding its operations, including the payment of the 2023 concession fees, the on-going exploration activities, CSR activities, and corporate costs in Ecuador, Peru and Canada.

## 7. INDEBTEDNESS

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

On March 20, 2017, Dr. Barron, a related party of the Company by virtue of the fact that he is the Chairman, the President and Chief Executive Officer, a promoter and a principal shareholder of the Company, advanced USD2,000,000 (\$2,671,600) by way of a promissory note to the Company. USD1,000,000 (\$1,208,600) was repaid on May 29, 2021; USD217,168 (\$280,000) was settled for 700,000 stock options, with an exercise price of \$0.40, on April 2, 2018 and \$500,000 was repaid in cash on August 16, 2018. The loan is unsecured, bearing an interest rate of 2% per annum which is considered to be below a market rate of interest for such a loan. IFRS requires that where an interest rate is below the market rate, estimated at 15%, there is deemed to be a benefit to the Company and as such that portion of the promissory loan considered to represent that benefit is recorded in equity as a shareholder contribution. The amount of the benefit is then recognized over the life of the promissory note as an accretion expense. On September 30, 2020, Dr. Barron agreed to amend the terms of his promissory note such that it will become repayable on the day following the one-year anniversary of Dr. Keith Barron requesting repayment. The accretion on the promissory note will be accounted for as a shareholder contribution until such time that the repayment is requested by the Lender.

Table 10. Summary of indebtedness relating to promissory note 2017.

For the nine months ended September 30, 2023 and the year ended December 31, 2022	2023	2022
<b>Balance, beginning of year</b>	<b>\$550,945</b>	\$511,689
Interest rate benefit recognized as shareholder contribution	(52,129)	(71,056)
Accretion expense	60,203	77,824
Foreign exchange translation gain	(938)	32,488
<b>Balance, end of period</b>	<b>\$558,081</b>	\$550,945

### Promissory Note issued in April 2019

On April 22, 2019, Dr. Barron advanced USD3,000,000 (\$4,005,900) by way of a promissory note to the Company. The loan is unsecured, bearing an interest rate of 2% per annum which is considered to be below a market rate of interest for such a loan. IFRS requires that where an interest rate is below the market rate, estimated at 15%, there is deemed to be a benefit to the Company and as such that portion of the promissory loan considered to represent that benefit is recorded in equity as a shareholder contribution.

On August 20, 2020, Dr. Barron agreed to amend the terms of his promissory note issued in 2019 such that it will become repayable on the day following the one-year anniversary of Dr. Keith Barron requesting repayment. The Company has assessed the accounting for the amendment of the terms of the promissory note and concluded that the amendment is a modification. As such, the carrying amount of the liability at its modification date will be amortized over the new term of the promissory note. The accretion on the promissory note will be accounted for as a shareholder contribution until such time that the repayment is requested by the Lender. The amount of the benefit is then recognized over the life of the promissory note as an accretion expense.

Table 11. Summary of indebtedness relating to promissory note issued in April 2019.

For the nine months ended September 30, 2023 and the year ended December 31, 2022	2023	2022
<b>Balance, beginning of year</b>	<b>\$3,850,516</b>	\$3,532,223
Interest rate benefit recognized as shareholder contribution	(397,981)	(467,424)
Accretion expense	459,208	547,751
Foreign exchange translation gain	(6,536)	237,966
<b>Balance, end of period</b>	<b>\$3,905,207</b>	\$3,850,516

### Promissory Notes issued in 2022

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

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

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

Table 12. Summary of indebtedness relating to promissory notes issued during 2022.

For the nine months ended September 30, 2023 and the year ended December 31, 2022	2023	2022
<b>Initial carrying amount</b>	<b>\$3,112,767</b>	\$ 2,983,925
Interest rate benefit recognized as shareholder contribution	(403,667)	(334,846)
Accretion expense	457,491	379,492
Foreign exchange translation gain	(2,357)	84,196
<b>At September 30, 2023</b>	<b>\$3,164,234</b>	\$ 3,112,767

### Promissory Note issued in June 2023

On June 14, 2023, the Company announced the approval from the Board of Directors to receive a loan from Dr. Keith Barron for an aggregate of \$2,000,000, received in advances between June 20 and September 20, 2023. The loan is unsecured, bears interest at 2% per annum and becomes repayable on the day following the one-year anniversary of Dr. Keith Barron requesting repayment. IFRS requires that where an interest rate is below the market rate, estimated at 20%, there is deemed to be a benefit to the Company and as such that portion of the promissory loan considered to represent that benefit is recorded in equity as a shareholder contribution. The accretion on the promissory note will be accounted for as a shareholder contribution until such time that the repayment is requested by the Lender. The amount of the benefit is then recognized over the life of the promissory note as an accretion expense.

Table 13. Summary of indebtedness relating to promissory notes issued in June 2023.

For the nine months ended September 30, 2023	2023	2022
Initial carrying amount	\$1,700,000	\$ -
Interest rate benefit recognized as shareholder contribution	(59,055)	-
Accretion expense	66,929	-
Foreign exchange translation gain	-	-
<b>Balance, end of period</b>	<b>\$1,707,874</b>	<b>\$ -</b>

### Lease liabilities

The Company has certain leases related to offices and warehouse for the office in Toronto. The leases are for term through December 31, 2026.

Table 14. Lease liabilities

Lease Liabilities	
Balance at December 31, 2022	\$258,586
Interest expense	10,803
Payments	(52,837)
<b>Lease liabilities as at September 30, 2023</b>	<b>\$216,552</b>

Table 15. Classification of lease liabilities by maturity

Lease Liabilities	September 30, 2023
Current lease liability at year end	\$56,470
Non-current lease liability at year end	\$160,082
<b>Lease liabilities as at September 30, 2023</b>	<b>\$216,552</b>

## 8. EQUITY

### Stock Options

During the nine months ended September 30, 2023, an aggregate of 1,246,000 stock options expired.

Table 16. Summary of stock options activity and estimated fair value.

	Number of Options	Weighted Average Exercise Price	Estimated Fair Value
<b>Balance – December 31, 2022</b>	<b>4,119,500</b>	<b>\$2.31</b>	<b>\$6,653,877</b>
Granted	2,208,768	\$0.33	499,307
Expired	(1,246,000)	\$2.93	(2,481,501)
Stock-based compensation expense	-	-	486,885
<b>Balance – September 30, 2023</b>	<b>5,082,268</b>	<b>\$1.29</b>	<b>\$5,158,569</b>



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The directors of the Company agreed to receive their director fees in stock options in lieu of cash for 2023. The Company granted 53,568 stock options exercisable at \$0.46, immediately vested and expiring on April 11, 2026 in lieu of the first quarter fees, 58,000 stock options exercisable at \$0.33, immediately vested and expiring on June 30, 2026 in lieu of the second quarter fees, and 107,200 stock options exercisable at \$0.24, immediately vested and expiring on September 30, 2026 in lieu of the third quarter fees.

As of the date of this MD&A, the following stock options were outstanding and exercisable.

Table 17. Detail of stock options issued, exercisable and estimated fair value.

Issued Number of Options	Exercisable Number of Options	Exercise Price	Expiry Date	Estimated Fair Value
24,000	24,000	3.40	16-Jan-24	\$60,960
77,000	77,000	2.97	28-Jun-24	170,940
480,000	480,000	2.70	24-Oct-24	900,601
125,000	125,000	3.16	7-Feb-25	295,000
460,000	460,000	3.51	17-Nov-25	909,419
100,000	100,000	3.25	22-Dec-25	182,500
200,000	200,000	3.21	25-Jan-26	377,860
53,568	53,568	0.46	11-Apr-26	15,000
58,000	58,000	0.33	30-Jun-26	11,600
40,000	40,000	2.51	1-Jul-26	59,640
1,170,000	780,000	0.84	30-Jun-27	647,207
162,500	108,333	0.84	4-Jul-27	63,864
35,000	23,333	0.84	18-Aug-27	12,598
1,990,000	663,333	0.33	30-Jun-28	457,700
107,200	107,200	0.24	30-Sep-26	15,008
<b>5,082,268</b>	<b>3,299,768</b>			<b>4,179,897</b>

The weighted average contractual life remaining for stock options as of the date of this document is 3.43 years.

**Restricted Stock Units** - The following summarizes the RSU activity during the nine months ended September 30, 2023:

Table 18. Summary of RSU's activity and estimated fair value.

	Number of RSUs	Weighted Average Fair Value	Estimated Fair Value
<b>Balance – December 31, 2022</b>	<b>57,800</b>	<b>\$3.46</b>	<b>\$157,330</b>
Cancelled RSUs	(21,000)	\$3.46	(26,946)
Stock-based compensation expense	-	-	44,843
<b>Balance – September 30, 2023</b>	<b>36,800</b>	<b>\$3.46</b>	<b>\$175,228</b>

**Shares to be issued**- There was no activity during the nine months ended September 30, 2023:

Table 19. Summary of STBI activity and estimated fair value.

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

As of the issuance of this MD&A, the balance of RSU's vested in full and will be presented as shares to be issued.

## Warrants

On May 19, 2023 the Company closed a non-brokered private placement financing for 9,253,811 units priced at \$0.46 per unit, each consisting of one common share and one full warrant, the warrant having an exercise price of \$0.75 per warrant and expiration dates of March 23, 2026, April 25, 2026 and May 19, 2026. The Company paid commissions to certain finders of an aggregate of \$24,036 in cash and 52,252 finder warrants. Each finder warrant entitles the holder to purchase one unit at \$0.46 and is exercisable for a period of thirty-six (36) months from the closing of the corresponding tranche.

A gross value of \$1,310,730 has been assigned to warrants using the Black-Sholes option pricing model for each tranche using the following assumptions: expected dividend yield of 0%, an expected life of 3 years, an expected volatility of 96.71%, 96.41% and 95.96%, respectively, and a risk-free rate of 3.46%, 3.64% and 4.01%, respectively. Volatility is based on the historical trading of the Company's shares.

The following summarizes the warrants and agents' options activity and outstanding warrants and agents' options for the nine months ended September 30, 2023:

Table 20. Summary of warrants and Agents' warrants activity and estimated fair value.

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

As of the date of this MD&A, the following warrants were outstanding and exercisable:

Table 21. Detail of warrants outstanding.

Expiry date	Number of Warrants	Exercise Price
April 1, 2024	2,507,000	\$4.25
April 1, 2024	150,420	4.25
April 1, 2024	403,709	4.25
March 28, 2024	1,586,653	1.25
March 30, 2024	410,000	1.25
November 29 2024	2,417,166	0.75
December 22, 2024	1,829,442	0.75
March 23, 2026	7,818,505	0.75
April 24, 2026	1,262,855	0.75
May 19, 2026	224,703	0.75
October 21, 2026	3,835,250	2.20
October 21, 2026	230,115	2.20
October 21, 2026	1,256,037	2.20
<b>Balance – November 24, 2023</b>	<b>23,931,855</b>	<b>\$1.56</b>

## 9. KEY MANAGEMENT EXPENSE

In accordance with IAS 24, key Management personnel are those having authority and responsibility for planning, directing and controlling the activities of the Company directly or indirectly, including any directors (executive and nonexecutive) of the Company. The remuneration of key management and Directors of the company for the nine months ended September 30, 2023 was:

Table 22. Summary of key management expense

For the nine months ended September 30,	2023	2022
Salary - corporate <sup>(1)</sup>	\$132,217	\$504,598
Salary – technical <sup>(2)</sup>	173,296	115,152
Director and advisor fees <sup>(3)</sup>	-	30,000
Stock-based compensation for key management <sup>(4)</sup>	315,980	306,492
<b>Total key management compensation expense</b>	<b>\$621,493</b>	<b>\$956,242</b>

<sup>(1)</sup>Salary - corporate includes 100% CFO fees .

<sup>(2)</sup>Salary - technical includes 100% of the compensation paid to the Vice President, Exploration

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

<sup>(4)</sup>This figure is the estimated fair value expense of vested stock options and RSUs granted to key management and directors during the nine months ended September 30, 2023 and 2022.

## 10. RELATED PARTY TRANSACTIONS

Related parties include the Board of Directors, close family members and enterprises that are controlled by these individuals as well as certain persons performing similar functions. The Company entered into the following transactions with related parties during the nine months ended September 30, 2023 and 2022:

- (a) During the nine months ended September 30, 2023, the Company incurred \$nil (2022 - \$101,581) of administrative service costs including office, rent and general office services to Big Silver Ltd., a company owned and controlled by the Chairman, CEO and principal shareholder.
- (b) Certain Company employees undertake work for other companies with officers and directors in common and the Company passes through the cost of the work done to those companies. The amounts receivable are unsecured, non-interest bearing and have no fixed terms of repayment. During the nine months ended September 30, 2023:
  - \$6,563 (2022-\$44,277) was passed through to U3O8 Corp. whose Director, Dr. Richard Spencer was also Aurania's President and Director until his departure in the first quarter of 2022, and Dr. Keith Barron, Director, Chairman and CEO of Aurania was also Chairman and Director of U3O8 Corp. At September 30, 2023 and 2022 \$nil remained receivable.
  - \$nil (2022-\$nil) was passed through to Firestone Ventures Inc. Dr. Keith Barron, Chairman and CEO of the Company, was also President, CEO and Director of Firestone Ventures Inc. Dr. Richard Spencer, Aurania's former President and Director served on the board of directors of Firestone Ventures Inc. As at September 30, 2023 \$nil remained receivable (September 30, 2022-\$1,805).
  - \$nil (2022-\$nil) was passed through to the Step Forward Foundation, a private charitable organization whose founder and Director Dr. Keith Barron, is also the Chairman and CEO of the Company. As at September 30, 2023 \$nil remained receivable (September 30, 2022-\$281).
- (c) For other related party transactions, refer to Section 1.4.1 – Related party loan, Section 7 – Indebtedness, Section 9 – Key management expense and Section 17 - Subsequent events.

## 11. OFF-BALANCE SHEET TRANSACTIONS

The Company has no off-balance sheet arrangements.

## 12. PROPOSED TRANSACTIONS

Like other mineral exploration enterprises, the Company may acquire or dispose of property assets as part of its normal-course business as determined by Management based on exploration results, opportunities, the competitive nature of the business, and availability of capital.

## 13. CRITICAL ACCOUNTING ESTIMATES

The Company prepares its financial statements in accordance with IFRS. Significant assumptions about the future and other sources of estimation uncertainty that Management has made at the financial position reporting date, that could result in a material adjustment to the carrying amounts of assets and liabilities, in the event that actual results differ from assumptions made, relate to, but are not limited to, the following:

- (a) the inputs used in accounting for valuation of warrants and options which are included in the consolidated statement of financial position.
- (b) the inputs used in accounting for stock-based compensation expense in the consolidated statement of loss.
- (c) the \$nil provision for decommissioning and restoration obligations which are included in the consolidated statement of financial position.
- (d) the existence and estimated amount for contingencies.
- (e) the valuation of shareholder contribution in connection with the issue of promissory note.

## 14. CHANGES IN ACCOUNTING POLICIES AND FINANCIAL INSTRUMENTS

### Changes in Accounting Policies

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

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

IAS 1 – Presentation of Financial Statements (“IAS 1”) was amended in January 2020 to provide a more general approach to the classification of liabilities under IAS 1 based on the contractual arrangements in place at the reporting date. The amendments clarify that the classification of liabilities as current or noncurrent is based solely on a company's right to defer settlement at the reporting date. The right needs to be unconditional and must have substance. The amendments also clarify that the transfer of a company's own equity instruments is regarded as settlement of a liability, unless it results from the exercise of a conversion option meeting the definition of an equity instrument. In February 2021, the IASB issued ‘Disclosure of Accounting Policies’ with amendments that are intended to help preparers in deciding which accounting policies to disclose in their financial statements.

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

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

### Financial Instruments

IFRS requires that the Company disclose information about the fair value of its financial assets and liabilities. The Carrying amounts of cash equivalents, receivables, trade and other accounts payable and promissory note on the statements of financial position approximate fair value because of the limited term of these instruments.

Fair value estimates are made by the Company at the date of the statement of financial position based on relevant market information and information about the financial instrument. These estimates are subjective in nature and involve uncertainties in significant matters of judgment and therefore cannot be determined with precision.

The Company does not have any derivative financial instruments. All financial instruments are initially recorded at fair value and designated upon inception into one of the following four categories: held-to-maturity, available-for-sale, loans and receivables or fair value through profit or loss.



## 15. RISKS AND UNCERTAINTIES

The operations of the Company are speculative due to the nature of the mineral exploration industry. There were no significant changes in the material risk and uncertainties faced by the Company from those reported in the Annual Information Form dated May 4, 2023 available on the Company's web site at <http://www.aurania.com> and on [www.sedarplus.ca](http://www.sedarplus.ca).

## 16. COMMITMENTS AND CONTINGENCIES

### Environmental contingencies

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

### Service costs and consulting agreements

The Company is party to certain management contracts. At September 30, 2023 these contracts contain minimum commitments of approximately \$372,768 and additional contingent payments of up to approximately \$545,072 upon the occurrence of a change of control. As a triggering event has not taken place, the contingent payments have not been reflected in these consolidated financial statements.

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

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

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

## 17. SUBSEQUENT EVENTS

### Promissory Note issued in October 2023

On October 16, 2023, the Company announced the approval from the Board of Directors to receive a loan from Dr. Keith Barron (the "Lender") for \$1,000,000. The loan is unsecured, bears interest at 2% per annum and matures upon notice of twelve months and one day from the Lender. As of the date hereof, \$550,000 has been advanced under the loan.

## 18. QUALIFIED PERSON

The foregoing and technical information contained has been prepared or reviewed by Jean Paul Pallier, VP Exploration, who is registered as a EurGeol with the European Federation of Geologists and is a "Qualified Person" for the purpose of National Instrument 43-101, Standards of Disclosure for Mineral Projects of the Canadian Securities Administrators.

## 19. SHARE DATA

Table 23. Summary of share data.

As at	Common Shares	Shares to be issued	Warrants	Agents' Options and Warrants	Stock Options	RSUs	Fully Diluted
December 31, 2022	58,217,926	334,100	14,243,247	382,545	4,119,500	57,800	77,355,118
March 31, 2023	66,019,071	334,100	22,044,392	399,905	3,919,500	57,800	92,774,768
June 30, 2023	67,471,737	334,100	23,497,058	434,797	4,975,068	36,800	96,749,560
September 30, 2023	67,471,737	334,100	23,497,058	434,797	5,082,268	36,800	96,749,560
November 24, 2023	67,471,737	370,900	23,497,058	434,797	5,082,268	-	96,749,560



## 20. ADDITIONAL INFORMATION

### The Company

Aurania Resources Ltd. was incorporated under the laws of Bermuda on September 26, 2007 pursuant to the provisions of *The Companies Act 1981* (Bermuda). On February 18, 2011, the Corporation registered extra-provincially in the Province of Ontario, Canada.

### Directors, Officers and Management

Keith Barron – President, Chief Executive Officer, Chairman of the Board of Directors and Director

Jonathan Kagan – Director

Nathalie Han – Director

Thomas Ullrich – Director

Francisco Freyre – Chief Financial Officer

Jean Paul Pallier – Vice President - Exploration

Carolyn Muir – Vice President - Corporate Development & Investor Relations

### Corporate Office

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Toronto, Ontario Canada M5C 1B5  
Tel: (416) 367-3200  
Email: [info@aurania.com](mailto:info@aurania.com); Website: <http://www.aurania.com>

### Registered Office

31 Victoria Street, Hamilton, HM 10, Bermuda.

### Exchange Listings

The Company's common shares ("Common Shares") are traded on the TSX Venture Exchange ("TSX-V") under the symbol "ARU". The Company's shares started trading on the Frankfurt Exchange, symbol "20Q" on May 17, 2018, and on the OTCQB Venture Market in the United States on May 25, 2018, under the symbol "AUIAF". The OTCQB trading market is recognized by the U.S. Securities and Exchange Commission ("SEC") as an established public market.