



AURANIA

AURANIA RESOURCES LTD.

CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS (Unaudited)

For the Three and Nine Months Ended September 30, 2019

(Expressed in Canadian Dollars)

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AURANIA

MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL REPORTING

The accompanying unaudited condensed consolidated interim financial statements of Aurania Resources Ltd. (the "Company") for the three and nine months ended September 30, 2019 are the responsibility of the Company's management ("Management") and have been prepared by Management and include the selection of appropriate accounting principles, judgments and estimates necessary to prepare these condensed consolidated interim financial statements in accordance with International Accounting Standard ("IAS") 34 *Interim Financial Reporting* using the accounting policies consistent with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB") for condensed consolidated interim financial statements.

AURANIA RESOURCES LTD.**CONDENSED CONSOLIDATED INTERIM STATEMENTS OF FINANCIAL POSITION (Unaudited)***(Expressed in Canadian dollars)*

AS AT	SEPTEMBER 30, 2019	DECEMBER 31, 2018
	\$	\$
ASSETS		
Current assets		
Cash	2,523,778	817,021
Restricted cash	257,512	255,912
Prepaid expenses and receivables	116,610	97,454
Advances for mineral property interests (note 4)	2,411,671	-
Total current assets	5,309,571	1,170,387
Non-current assets		
Property, plant and equipment (note 5)	137,001	137,897
TOTAL ASSETS	5,446,572	1,308,284
LIABILITIES AND EQUITY (DEFICIENCY)		
LIABILITIES		
Current liabilities		
Accounts payable and accrued liabilities (note 12)	564,823	390,233
Promissory notes (note 6)	588,620	579,915
Derivative liability on convertible debenture (note 6)	-	435,390
Convertible debenture (note 6)	-	2,476,672
Total current liabilities	1,153,443	3,882,210
Long-term liability		
Promissory notes (note 6)	3,285,197	-
TOTAL LIABILITIES	4,438,640	3,882,210
EQUITY (DEFICIENCY)		
Share capital (note 7)	357	319
Share premium (note 7)	32,284,368	19,983,179
Warrants (note 9)	1,496,689	1,123,509
Contributed surplus and shareholder contribution (notes 6 and 8)	3,426,152	1,987,432
Deficit	(36,199,634)	(25,668,365)
Total equity (deficiency)	1,007,932	(2,573,926)
TOTAL LIABILITIES AND EQUITY (DEFICIENCY)	5,446,572	1,308,284

Nature of operations and business continuance (note 1)

Commitments and contingencies (notes 4 and 14)

Subsequent events (note 15)

APPROVED BY THE BOARD:

Signed, "Jonathan Kagan", Director

Signed, "Keith M. Barron", Director

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

AURANIA RESOURCES LTD.

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

(Expressed in Canadian dollars)

	ISSUED CAPITAL				RESERVES		Total Equity Surplus (Deficiency)
	Common Shares #	Share Capital	Share Premium	Warrants	Contributed Surplus	Deficit	
Balance - December 31, 2017	27,385,625	\$273	\$13,019,518	\$883,874	\$1,206,201	\$(16,059,021)	\$(949,155)
Shares issued for private placements	2,219,400	22	4,438,778	-	-	-	4,438,800
Less share issue costs	-	-	(349,669)	-	-	-	(349,669)
Shares issued for exercise of options	1,730,000	17	1,272,069	-	(532,086)	-	740,000
Shares issued for exercise of warrants	530,536	5	1,840,380	(248,777)	-	-	1,591,608
Shares issued for exercise of agents' options	41,650	-	121,830	(38,530)	-	-	83,300
Stock-based compensation – options	-	-	-	-	949,626	-	949,626
Warrants issued for exercise of agents' options	-	-	(15,000)	15,000	-	-	-
Stock-based compensation – RSU's	-	-	-	-	82,762	-	82,762
Warrants issued for private placements	-	-	(578,000)	578,000	-	-	-
Broker warrants compensation	-	-	(43,810)	43,810	-	-	-
Net loss for the period	-	-	-	-	-	(7,521,764)	(7,521,764)
Balance – September 30, 2018	31,907,211	\$317	\$19,706,096	\$1,233,377	\$1,706,503	\$(23,580,785)	\$(934,492)
Shares issued for private placements	-	-	(27,157)	-	-	-	(27,157)
Shares issued for exercise of agents' options	96,163	2	287,193	-	-	-	287,195
Warrants issued for exercise of agents' options	-	-	-	(94,868)	-	-	(94,868)
Stock-based compensation- options	-	-	-	-	380,740	-	380,740
Stock-based compensation-RSUs	-	-	-	-	(99,811)	-	(99,811)
Share issued for RSU's	33,500	-	17,047	-	-	-	17,047
Expiry of 2017 broker warrants	-	-	-	(15,000)	-	15,000	-
Net loss for the period	-	-	-	-	-	(2,102,580)	(2,102,580)
Balance - December 31, 2018	32,036,874	\$319	\$19,983,179	\$1,123,509	\$1,987,432	\$(25,668,365)	\$(2,573,926)
Shares issued for rights offering (note 7)	1,946,172	20	5,254,646	-	-	-	5,254,666
Less share issue costs (note 7)	-	-	(232,608)	-	-	-	(232,608)
Shares issued for Private Placement (note 7)	1,651,875	17	4,460,046	-	-	-	4,460,063
Less share issue costs (note 7)	-	-	(109,021)	-	-	-	(109,021)
Shares issued for debt settlement (notes 6 and 7)	877,192	1	2,987,093	-	-	-	2,987,094
Shares issued for exercise options and "RSU's" (notes 7 and 8)	50,000	-	149,213	-	(77,213)	-	72,000
Shares issued for exercise of warrants (note 9)	55,000	-	189,425	(24,425)	-	-	165,000
Warrants issued for Private Placements (note 9)	-	-	(381,980)	381,980	-	-	-
Agents Warrants issued for Private Placement (note 9)	-	-	(15,625)	15,625	-	-	-
Stock-based compensation – Restricted stock units "RSUs" compensation (note 8)	-	-	-	-	12,197	-	12,197
Stock-based compensation – option compensation (note 8)	-	-	-	-	601,633	-	601,633
Shareholder Contribution (note 6)	-	-	-	-	902,103	-	902,103
Net loss for the period	-	-	-	-	-	(10,531,269)	(10,531,269)
Balance –September 30, 2019	36,617,113	\$357	\$32,284,368	\$1,496,689	\$3,426,152	\$(36,199,634)	\$(1,007,932)

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

AURANIA RESOURCES LTD.**CONDENSED CONSOLIDATED INTERIM STATEMENTS OF LOSS AND COMPREHENSIVE LOSS (Unaudited)***(Expressed in Canadian dollars)*

	Three months ended September 30,		Nine months ended September 30,	
	2019	2018	2019	2018
	\$	\$	\$	\$
Operating Expenses:				
Exploration expenditures (notes 4, 11)	1,353,080	861,254	7,290,780	4,888,526
Stock-based compensation (notes 8, 10)	174,910	237,636	599,997	1,032,388
Investor relations	198,190	126,963	715,035	523,102
Office and general	169,604	102,667	673,344	366,854
Management fees (note 10)	166,442	70,892	472,469	205,094
Professional and administration fees	57,648	66,822	157,778	195,756
Regulatory and transfer agent fees	31,463	55,799	138,527	107,899
Director and advisor fees (note 10)	18,750	15,000	56,093	45,000
Amortization (note 5)	9,351	5,814	26,157	14,933
Project evaluation expenses including travel	28,858	-	54,842	-
Total expenses	2,208,296	1,542,847	10,185,022	7,379,552
Other expenses/income				
(Gain) loss on foreign exchange	(46,917)	1,215	(22,684)	92,640
(Gain) loss on derivative	-	(142,199)	121,571	(113,267)
Interest income	(3,218)	(3,297)	(6,741)	(5,026)
Interest expense (note 6)	(12,188)	113,769	46,491	167,865
Accretion of shareholder contribution (note 6)	207,610	-	207,610	
Net loss and comprehensive loss for the period	2,353,583	1,512,335	10,531,269	7,521,764
Basic and diluted loss per share	\$0.07	\$0.05	\$0.32	\$0.25
Weighted average common shares outstanding – basic and diluted	32,164,495	31,707,170	32,632,621	29,867,002

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

AURANIA RESOURCES LTD.**CONDENSED CONSOLIDATED INTERIM STATEMENTS OF CASH FLOWS (Unaudited)**

For the nine months ended September 30, 2019

(Expressed in Canadian Dollars)

Nine months ended September 30,	2019	2018
	\$	\$
Cash flows from the following activities:		
Operating activities:		
Net (loss) for the period	(10,531,269)	(7,521,764)
Non-cash items:		
Amortization	26,157	14,933
Accrued interest and accretion	254,075	152,860
Stock-based compensation	613,830	1,032,388
Loss (gain) on derivative	121,571	(113,267)
Foreign exchange (note 6)	(123,533)	39,345
Prepaid expenses and receivables	(19,156)	(6,956)
Accounts payables and accrued liabilities	187,614	-
Net cash used in operating activities	(9,470,711)	(6,402,461)
Financing activities:		
Shares issued for rights offering	5,254,666	4,438,800
Less share issue costs	(232,608)	(349,669)
Shares issued for private placements	4,460,063	-
Less share issue costs	(109,021)	-
Shares issued for option exercises (notes 8)	72,000	460,000
Shares issued for warrant exercises (notes 9)	165,000	1,591,608
Shares issued for agents' options exercise (notes 9)	-	83,300
Convertible debenture (note 6)	-	2,631,579
Promissory note (note 6)	4,005,900	-
Repayment of promissory note (note 6)	-	(500,000)
Net cash provided by financing activities	13,616,000	8,355,618
Investing activities:		
Advance for mineral property interests	(2,411,671)	-
Purchase of property, plant and equipment	(25,261)	(77,872)
Increase in restricted cash	(1,600)	(255,000)
Net cash used in investing activities	(2,438,532)	(332,872)
Increase in cash	1,706,757	1,620,285
Cash – beginning of period	817,021	671,346
Cash – end of period	2,523,778	2,291,631
Supplemental Information		
Shares issued in settlement of convertible debt	2,987,094	280,000

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

AURANIA RESOURCES LTD.

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS (Unaudited)

For the three and nine months ended September 30, 2019 and 2018

(Expressed in Canadian Dollars)

1. NATURE OF OPERATIONS AND BUSINESS CONTINUANCE

Aurania Resources Ltd. (the "Company") is a junior exploration mining company engaged in the identification, evaluation, acquisition and exploration of mineral property interests, with a focus on precious metals.

On May 29, 2017, the Company acquired Ecuasolidus, S.A., a private Ecuador-based company, owned by the principal shareholder of the Company, in order to acquire all the rights, title and interest in 42 mineral exploration licenses in Ecuador (the "Lost Cities – Cutucu Project" or the "Project"). See **note 4 – Mineral Property Interests**.

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

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

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

As at September 30, 2019, the Company had cash on hand, restricted cash and receivables and advances for mineral property interests totaling \$5,309,571 (December 31, 2018 - \$1,070,387) to fund current liabilities of: accounts payable and accrued liabilities of \$564,823 (December 31, 2018 - \$390,233), a promissory notes of \$588,620 (December 31, 2018 - \$579,915), a derivate liability on convertible debenture of \$nil (December 31, 2018 - \$435,390), convertible debenture of \$nil (December 31, 2018 - \$2,476,672) and long-term promissory notes of \$3,285,197 (December 31, 2018 - \$nil). Further, the Company had an accumulated deficit of \$36,199,634 (December 31, 2018 - \$25,668,365) and working capital surplus of \$4,156,128 (December 31, 2018 – deficiency \$2,711,823).

2. SIGNIFICANT ACCOUNTING POLICIES

Statement of compliance

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

AURANIA RESOURCES LTD.

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS (Unaudited)

For the three and nine months ended September 30, 2019 and 2018

(Expressed in Canadian Dollars)

2. SIGNIFICANT ACCOUNTING POLICIES, Continued

Statement of compliance, Continued

The accounting policies applied in these condensed consolidated interim financial statements are based on IFRS policies issued and outstanding as of the date the Board of Directors approved these interim financial statements being November 18, 2019. The same accounting policies and methods of computation are followed in these condensed consolidated interim financial statements as those applied in *note 4* of the Company's most recent annual consolidated financial statements for the year ended December 31, 2018 and have been consistently applied throughout all periods presented, as if these policies had always been in effect. Any subsequent changes to IFRS that are given effect in the Company's annual financial statements for the year ending December 31, 2018 could result in the restatement of these condensed consolidated interim financial statements.

Basis of measurement

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

Basis of consolidation

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

Significant accounting judgments and estimates

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

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

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

Estimation of decommissioning and restoration costs and the timing of expenditure

Management is not aware of any material restoration, rehabilitation and environmental provisions as at September 30, 2019 and December 31, 2018. Decommissioning, restoration and similar liabilities are estimated based on the Company's interpretation of current regulatory requirements, constructive obligations and are measured at fair value and these estimates are updated at least annually. Fair value is

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NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS (Unaudited)

For the three and nine months ended September 30, 2019 and 2018

(Expressed in Canadian Dollars)

2. SIGNIFICANT ACCOUNTING POLICIES, Continued

Significant accounting judgments and estimates, Continued

determined based on the net present value of estimated future cash expenditures for the settlement of decommissioning, restoration or similar liabilities that may occur upon decommissioning of the mine. Such estimates are subject to change based on changes in laws and regulations and negotiations with regulatory authorities.

Share-based payments

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

Income, value added, withholding and other taxes

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

Business combinations vs. asset acquisitions

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

Fair value of conversion feature of convertible debenture

The Company measures the convertible debenture embedded derivative using a binomial-lattice-based valuation model, taking into consideration Management's best estimate of the expected volatility, expected life of the derivative, foreign exchange rate and exercise price on the date of issue and at each reporting date.

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NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS (Unaudited)

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(Expressed in Canadian Dollars)

2. SIGNIFICANT ACCOUNTING POLICIES, Continued

Significant accounting judgments and estimates, Continued

Assumptions are made and judgment used in applying valuation techniques. Such judgments and assumptions are inherently uncertain. Changes in these assumptions could affect the fair value estimates.

See note 4 and 14 – Commitments and Contingencies

Changes in accounting policies

During the nine months ended September 30, 2019, the Company adopted a number of new IFRS standards, interpretations, amendments and improvements of existing standards including IFRIC 23. These new standards and changes did not have any material impact on the Company's condensed consolidated interim financial statements.

3. CAPITAL AND FINANCIAL RISK MANAGEMENT

Capital management

The Company considers the capital that it manages to include share capital, share premium, warrants, contributed surplus and deficit, which at September 30, 2019 was \$1,007,932 (December 31, 2018 - deficiency \$2,573,926). 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, 2019. **See Liquidity Risk below.**

Credit risk

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

Liquidity risk

Liquidity risk arises through an excess of financial obligations over financial assets at any point in time. The Company's approach to managing liquidity risk is to maintain sufficient readily available cash to continue operations and meet its financial obligations as they become due. As the Company has no producing assets, continued operations are dependent on its ability to raise adequate financing.

As at September 30, 2019, the Company had \$2,523,778 in cash to settle \$1,153,443 of current liabilities (December 31, 2018 - \$817,021 in cash to settle \$3,882,210 of liabilities). The Company also holds a restricted guaranteed investment that matures on December 18, 2019. The Company regularly evaluates its cash position to ensure preservation and security of capital as well as maintenance and liquidity. All the Company's current financial liabilities, except for the promissory note and convertible debenture have contractual maturities less than 30 days and are subject to normal trade terms. Repayment of these liabilities is dependent upon the Company's ability to raise adequate financing, through debt, equity or by the disposal of assets.

AURANIA RESOURCES LTD.

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS (Unaudited)

For the three and nine months ended September 30, 2019 and 2018

(Expressed in Canadian Dollars)

3. CAPITAL AND FINANCIAL RISK MANAGEMENT, Continued

Liquidity risk, Continued

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 to further advance exploration at the Project, to meet ongoing financial obligations and discharge the Company's liabilities, in the normal course of business. The Company is considering different sources of potential funding to advance exploration, including equity issuances, short-term loans, the exercise of warrants and stock options and joint venture partnerships.

Market risk

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

(i) Interest rate risk

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

(ii) Foreign currency risk

Certain of the Company's expenses are incurred in United States dollars is therefore subject to gains or losses due to fluctuations in these currencies. Management believes that the foreign exchange risk derived from currency conversions is best served by not hedging its foreign exchange risk.

At September 30, 2019 and December 31, 2018, the Company's exposure to foreign currency risk with respect to amounts denominated in USD, was substantially as follows:

<i>In Canadian \$ equivalents</i>	September 30, 2019	December 31, 2018
Cash	\$264,344	\$29,301
Accounts payable, accrued liabilities, promissory notes	(4,927,108)	(773,638)
Interest payable, convertible debenture and foreign exchange (note 6)	13,025	(2,912,062)
Net exposure	\$(4,649,739)	\$(3,656,399)

Commodity price risk

Commodity price risk is defined as the potential adverse future impact on earnings and economic value due to commodity price movements and volatility. The ability of the Company to develop its mineral properties and the future profitability of the Company is directly related to the market price of gold, silver, copper other commodities.

Commodity prices have fluctuated significantly in recent years. There is no assurance that these metals will be produced in the future or that a profitable market will exist for them. As of September 30, 2019 and December 31, 2018, the Company was not a metals commodity producer.

Sensitivity analysis

As of September 30, 2019 and December 31, 2018, both the carrying and fair value amounts of the Company's financial instruments are approximately equivalent due to their short-term nature. The fair value of the

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NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS (Unaudited)

For the three and nine months ended September 30, 2019 and 2018

(Expressed in Canadian Dollars)

3. CAPITAL AND FINANCIAL RISK MANAGEMENT, Continued

Sensitivity analysis, Continued

Company's long-term promissory note approximates fair value due to the short amount of time that has passed since its issuance. Based on Management's knowledge and experience of the financial markets, the Company believes that a 10% strengthening of the Canadian dollar against the USD would have decreased the net asset position of the Company as at September 30, 2019 by \$464,974 (at December 31, 2018 – \$365,640). A 10% weakening of the Canadian dollar against the same would have had an equal but opposite effect.

4. MINERAL PROPERTY INTERESTS

ECUADOR

a) Mineral Concessions and Obligations

The Company holds the rights, title and interest in the Lost Cities Project, comprised of certain mineral concessions in the Cordillera de Cutucu, in Ecuador (the "Project"). In December 2016, the Company was granted renewable 25-year permits for the exclusive right to explore, exploit, process and sell any metallic minerals within the concessions.

Mineral concessions are regulated according to the following timeframes:

- up to four years of initial exploration ("Initial Exploration");
- up to four years of advanced exploration ("Advanced Exploration"); and
- up to two years of economic evaluation of the deposit, which can be extended for an additional two-year period.

The key requirements for maintaining the good standing of concessions are as follows:

- The 2019 annual concession fee of USD2,046,475 (\$2,727,812) was paid, therefore Management believes that the mineral exploration concessions are in good standing.
- Additional exploration expenditures for the Project, required by statute, are as follows:

Year	Concession Fees (USD)	Expenditure Required (USD)	Committed Expenditure (USD)	Actual Expenditure (USD)
1 (2017)	1,973,198 ¹	1,038,820 ¹	1,060,000 ²	3,354,497
2 (2018)	2,004,923 ¹	2,077,640 ¹	1,090,000 ²	4,396,820
3 (2019)	2,046,475 ¹	2,077,640 ¹	2,098,000 ²	Will be reported in March 2020
4 (2020)	2,050,000 ³	2,077,640	Not yet determined	Will be reported in March 2021

¹ Paid ² Requirement satisfied ³ Estimated

- An environmental registration and environmental management plan are required for exploration of the concessions. These were received on June 30, 2017 and are valid for the four-year term of Initial Exploration (2017-2020).

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NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS (Unaudited)

For the three and nine months ended September 30, 2019 and 2018

(Expressed in Canadian Dollars)

4. MINERAL PROPERTY INTERESTS, Continued

ECUADOR, Continued

- The Company is also required to meet certain other non-financial obligations in order to keep the concessions in good standing. Management believes the Company has complied with such obligations, to date.

b) Future Mineral Concession Maintenance Requirements

In 2021 and beyond, the Company would be regulated by the requirements for conducting Advanced Exploration which cannot be estimated by Management, at the reporting date.

c) Relinquishment or Cancellation of Concessions

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

See note 11 – Exploration Expenses

Exploration Entitlements

The Company holds 100% of the rights, title and interest in the Project, comprised of 42 mineral concessions spanning 207,764 Hectares ("Ha"), in the Cordillera de Cutucu, in southeastern Ecuador.

ADVANCES FOR MINERAL PROPERTY INTERESTS

The Company has made non-refundable but transferable advances of approximately \$2.4 million to acquire additional mineral property interests in South America.

SWITZERLAND

The Company no longer intends to pursue its 100% interest in three exploration permits (the "Permits") in Switzerland, in the Canton of Valais held through its wholly owned subsidiary AVS. Its interest has been cancelled and AVS is in process of being dissolved.

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5. PROPERTY, PLANT & EQUIPMENT

	Leasehold Improvements	Field Equipment	Furniture and Fixtures	Computer Equipment	Total
COST	\$	\$	\$	\$	\$
At December 31, 2018	27,545	66,624	6,358	68,525	169,052
Additions	-	10,132	2,041	13,088	25,261
At September 30, 2019	27,545	76,756	8,399	81,613	194,313
ACCUMULATED DEPRECIATION	\$	\$	\$	\$	\$
At December 31, 2018	(2,994)	(10,029)	(277)	(17,855)	(31,155)
Additions ⁽¹⁾	(1,556)	(11,448)	(508)	(12,645)	(26,157)
At September 30, 2019	(4,550)	(21,477)	(785)	(30,500)	(57,312)
NET BOOK VALUE:					
At December 31, 2018	24,551	56,595	6,081	50,670	137,897
At September 30, 2019	22,995	55,279	7,614	51,113	137,001

⁽¹⁾ Depreciation is calculated using straight-line method over periods ranging from 3 to 6 years.

6. PROMISSORY NOTES AND CONVERTIBLE DEBENTURE

Promissory Note - Mineral Concessions Loan ("MCL1")

	Nine months ended September 30, 2019	Year ended December 31, 2018
Balance, beginning of period	\$579,915	\$1,273,000
Accrued interest	8,705	19,247
Settlement of debt	-	(780,000)
Foreign exchange translation loss	-	67,668
Balance, end of period	\$588,620	\$579,915

On March 20, 2017 ("Date of MCL1"), the Lender advanced USD2,000,000 to ESA to facilitate the payment of the 2017 minerals concession fees, pursuant to an unsecured, promissory note loan. On May 29, 2017, the Company repaid USD1,000,000 of the MCL1 from the proceeds of the 2017 Offering. On May 29, 2018, the Lender extended the maturity date of the MCL1 to May 29, 2019, and on January 28, 2019, the Lender agreed to further extend the maturity date of the MCL1 to May 29, 2020.

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 Company issued 700,000 common shares to Dr. Barron in exchange for reducing the principal owing on MCL1 by USD217,168 (\$280,000). On August 16, 2018 the Company repaid \$500,000 of MCL1 in cash.

During the period ended September 30, 2019, the accrued interest on the MCL1 is \$8,705 (year ended December 31, 2018 - \$19,247).

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6. PROMISSORY NOTES AND CONVERTIBLE DEBENTURE, Continued

Convertible Debenture - Mineral Concessions Loan ("MCL2")

On January 28, 2019, the Company announced the issuance of 877,192 common shares from treasury in connection with the repayment of a USD2.0 million convertible debenture issued by the Company to Dr. Barron on May 26, 2018. As dictated by the terms of the Debenture, the unpaid principal amount of USD2.0 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 USD0.76 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.

For the nine months ended SEPTEMBER 30, 2019 and the year ended DECEMBER 31, 2018	2019	2018
Balance, beginning of period	\$2,476,672	\$ -
Proceeds of MCL2	-	2,631,579
Embedded derivative at issue date	-	(426,827)
Interest expense	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)	-
Balance, end of period	\$ -	\$2,476,672

Derivative Liability

For the nine months ended SEPTEMBER 30, 2019 and the year ended DECEMBER 31, 2018	2019	2018
Balance, beginning of period/since inception	\$435,390	\$ 426,827
Derivative loss recorded	121,571	8,563
Settled by shares issued upon conversion of debt	(556,961)	-
Balance, end of period	\$ -	\$435,390

Promissory Note issued in April 2019

On April 22, 2019 the Chairman, CEO and principal shareholder, advanced USD3,000,000 by way of a Promissory Note to the Company. The loan is unsecured, with a term of two years, bearing an interest rate of 2% per annum which is considered to be below a market rate of interest for such a loan. 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.

	Nine months ended September 30, 2019
Issuance of promissory note	\$4,005,900
Interest rate benefit recognized as shareholder contribution	(902,103)
Accretion expense	207,610
Foreign exchange translation gain	(26,210)
Balance, end of period	\$3,285,197

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7. SHARE CAPITAL

Authorized share capital at September 30, 2019 and December 31, 2018 is 1,000,000,000 common shares with a par value of \$0.00001 per share. All shares issued are fully paid.

The number of issued and outstanding common shares at September 30, 2019 is 36,617,113 (December 31, 2018 – 32,036,874). During the nine months ended September 30, 2019, the Company completed the following:

(i) **Rights Offering**

On March 8, 2019, the Company announced that it had completed a rights offering (“Rights Offering”) for \$5,254,666 with the issuance of 1,946,172 common shares. Every shareholder had the right to acquire shares at \$2.70 per share. Eligible registered brokers were entitled to a commission of 3%, and the cash paid for commissions was \$232,608 including legal fees, TSX Venture fee and transfer agent fees.

(ii) **Stand-By Commitment**

In connection with the Rights Offering, the Company entered into a stand-by purchase agreement with Dr. Keith Barron, Chairman and Chief Executive Officer of the Company, 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.

(iii) **Repayment and Conversion of Convertible Debenture (MCL2)**

On January 28, 2019, the Company announced the issuance of 877,192 common shares from treasury in connection with the repayment of the USD2.0 million convertible debenture issued by the Company to Dr. Barron on May 26, 2018. As dictated by the terms of the Debenture, the unpaid principal amount of USD2.0 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 USD0.76 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. **See note 6 – Promissory Notes and Convertible Debenture.**

(iv) **Private Placement**

On September 20, 2019, Aurania announced that it had completed a non-brokered private placement for \$4,460,063 (gross), with the issuance of 1,651,875 common shares at \$2.70 per share. Eligible registered brokers were entitled to a commission of 3%, and the cash paid for commissions was \$109,021 including legal fees, TSX Venture fee and transfer agent fees. Each Unit will consist of one-half common share purchase warrant. Each whole Warrant entitles the holder to purchase one Common Share at an exercise price of \$4.00 for a period of 18 months following closing of the Offering. In addition, finders received 15,914 warrants. In connection with the financing, Dr. Keith Barron, Chairman and CEO of the Company, acquired 642,482 units through a corporate entity over which he has direction and control.

A value of \$381,980 has been assigned to warrants using the Black-Sholes option pricing model using the following assumptions: expected dividend yield 0%, expected volatility of 71%, a risk free rate of 1.34% and an expected life of 1.5 years. Volatility is based on the historical trading of the Company’s shares. A further \$15,625 has been assigned to finders’ warrants using the Black-Sholes option pricing model using the following assumptions: expected dividend yield 0%, expected volatility of 80%, a risk free rate of 1.34% and an expected life of 2 years. Volatility is based on the historical trading of the Company’s shares.

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7. SHARE CAPITAL, Continued

- (v) Issued 50,000 common shares as a result of the exercise of 50,000 stock options previously granted to directors, officers and consultants, for proceeds of \$72,000.
- (vi) Issued 55,000 common shares to holders of 55,000 warrants, for proceeds of \$165,000, or \$3.00 per common share.

8. STOCK-BASED COMPENSATION

Stock Options

The Company maintains a stock option plan (the "Plan") for the benefit of directors, officers, employees and consultants. The maximum number of common shares reserved for issuance with respect to the Plan cannot exceed 10% of the issued and outstanding common shares of the Company at the date of grant. Stock options generally vest 1/3 annually.

- (i) On January 16, 2019, the Company granted 228,000 stock options to consultants and employees. Each option is exercisable to acquire one common share at a price of \$3.40. The options expire on January 16, 2024, and vest as follows: 48,000 vest 1/3 on the grant date and on the anniversary of that date 2020 and 2021 and 180,000 vest 75,000 July 16, 2019, 55,000 January 16, 2020 and 50,000 January 16, 2021.

Total value of \$579,120 has been assigned to the options using the Black-Scholes option pricing model using the following assumptions: expected forfeiture rate of 0%, expected dividend yield of 0%, expected volatility of 162%, a risk-free interest rate of 2.03% and an expected life of 5 years. Volatility was based on the historical trading of the Company's shares. To September 30, 2019, a total of \$393,000 has been expensed for the vested options.

- (ii) On June 28, 2019, the Company granted 77,000 to a consultant. Each option is exercisable to acquire one common share at a price of \$2.97. The option expires June 28, 2024, and vest as follows; 11,000 quarterly starting on September 30, 2019 and finishing on March 31, 2020.

A value of \$170,940 has been assigned to the options using the Black-Scholes option pricing model using the following assumptions: expected forfeiture rate of 0%, expected dividend yield of 0%, expected volatility of 100%, a risk-free interest rate of 2% and an expected life of 5 years. Volatility was based on the historical trading of the Company's shares. To September 30, 2019, a total of \$51,379 has been expensed for the vested options.

- (iii) During the nine months ended September 30, 2019, a total 50,000 stock options were exercised for proceeds of \$72,000.

- (iv) The following summarizes the stock options activity during the nine months ended September 30, 2019:

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8. STOCK-BASED COMPENSATION, Continued

Stock Options, Continued

	Number of Options	Weighted Average Exercise Price	Estimated Fair Value
Balance - December 31, 2018	1,516,260	\$2.92	\$1,806,852
Issued	180,000	\$3.40	309,034
Issued	48,000	\$3.40	83,728
Issued	77,000	\$2.97	51,379
Exercised	(10,000)	\$2.00	(8,597)
Exercised	(20,000)	\$2.00	(17,195)
Exercised	(20,000)	\$0.60	(10,517)
Stock-based compensation expense	-	-	157,490
Balance – September 30, 2019	1,771,260	\$2.20	\$2,372,174

(v) The following summarizes the stock options outstanding at September 30, 2019:

Issued Number of Options	Exercisable Number of Options	Exercise Price	Expiry Date	Estimated Fair Value
1,260	1,260	\$3.00	May 26, 2020	\$1,168
395,000	395,000	\$0.60	July 13, 2021	217,721
150,000	150,000	\$2.30	May 26, 2022	256,242
370,000	246,667	\$2.00	November 2, 2022	509,682
250,000	166,667	\$2.89	March 2, 2023	451,265
300,000	200,000	\$2.68	April 5, 2023	501,955
180,000	75,000	\$3.40	January 16, 2024	309,034
48,000	16,000	\$3.40	January 16, 2024	83,728
77,000	12,833	\$2.97	June 28, 2024	51,379
1,771,260	1,263,427			\$2,382,174

Restricted Stock Units (“RSUs”)

RSUs are granted to encourage employee performance and retention. The RSUs are awarded based on performance criteria and vest over three years in equal instalments. For each RSU that vests a common share in the company is issued. There is no cash option. The following summarizes the RSU activity during the nine months ended September 30, 2019:

	Number of RSUs	Weighted Average Fair Value	Estimated Fair Value
Balance – December 31, 2018	67,000	\$1.98	\$132,581
Share issued for RSUs	-	-	(40,903)
Stock-based compensation expense	-	-	12,197
Balance – September 30, 2019	67,000	\$1.98	\$103,875

The weighted average contractual life remaining for RSUs at September 30, 2019 is 2 years (December 31, 2018 – 2.25 years). The RSUs were not included in the computation of diluted net loss per share for the periods presented as they are anti-dilutive.

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9. WARRANTS

The following summarizes the warrants and Agents' Options activity and outstanding warrants and Agents' Options for the nine months ended September 30, 2019:

	Number of Warrants/ Agents' Options	Weighted Average Exercise Price	Estimated Fair Value
Balance – December 31, 2018	2,259,051	\$2.92	\$1,123,509
Issued warrants private placement	825,937	\$4.00	381,980
Issued agents warrants	15,914	\$4.00	15,625
Exercised	(74,163)	\$(3.00)	(24,425)
Balance – September 30, 2019	3,026,739		1,496,689

Outstanding warrants

Expiry date	Number of Warrants	Exercise Price
December 29, 2019	1,008,246	\$3.00
December 29, 2019	987,500	\$3.00
December 29, 2019	79,442	\$3.00
June 29, 2020	109,700	\$3.00
February 27, 2021	515,431	\$4.00
August 27, 2021	4,734	\$4.00
March 20, 2021	310,506	\$4.00
September 20, 2021	11,180	\$4.00
Balance – September 30, 2019	3,026,739	

10. KEY MANAGEMENT COMPENSATION EXPENSE

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

For the nine months ended SEPTEMBER 30,	2019	2018
Management fees corporate ⁽¹⁾	\$472,469	\$135,618
Management fees – technical ⁽¹⁾	254,113	-
Director and advisor fees ⁽²⁾	56,250	30,527
Stock-based compensation for key management ⁽³⁾	117,396	663,546
Total key management compensation expense	\$900,228	\$829,691

(1) Management fees corporate includes 100% CFO fees, Toronto, 100% salary/benefits of the Country Manager (Ecuador), 30% of the President's compensation and Aurania's employees. Management fees technical includes the remaining 70% of the President's compensation and 100% of the compensation paid to the Vice President, Exploration.

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

(3) This figure is the fair value expense of vested stock options and RSUs granted to Management during the nine months ended September 30, 2019.

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11. EXPLORATION EXPENSE

	Three months ended September 30,		Nine months ended September 30	
	2019	2018	2019	2018
ECUADOR				
GEOLOGY/FIELD:				
Salaries, benefits	\$419,290	\$270,870	\$1,405,801	\$589,673
Camp costs, equipment, supplies	41,053	39,847	243,018	112,705
Project management	84,704	158,427	254,113	459,503
Travel, accommodation	120,764	84,979	405,737	292,447
Office	25,550	32,284	88,953	123,708
Environment	42,172	-	148,130	-
Water	15,016	-	40,324	-
Drilling	8,586	-	593,301	-
GEOCHEMISTRY	102,195	83,006	302,438	218,505
GEOPHYSICS	251,274	11,969	292,410	28,716
CORPORATE SOCIAL RESPONSIBILITY	196,351	151,016	588,012	406,303
ADMINISTRATIVE SUPPORT	41,444	-	123,151	-
CONCESSION COSTS	4,267	28,856	29,334	69,247
CONCESSION ANNUAL FEES	-	-	2,721,812	2,587,719
Total exploration expense - Ecuador	\$1,352,666	\$861,254	\$7,236,534	\$4,888,526
Other	414	-	54,246	-
Total exploration expenses	\$1,353,080	\$861,254	\$7,290,780	\$4,888,526

12. RELATED PARTY TRANSACTIONS

Related parties include the Board of Directors, close family members and enterprises that are controlled by these individuals as well as certain persons performing similar functions. The Company entered into the following transactions with related parties during the nine months ended September 30, 2019:

(a) A total of \$112,500 (2018 - \$112,500), plus applicable taxes was charged to the Company by a management company controlled the President, on account of management consulting fees (the "Fees"). Included in accounts payable and accrued liabilities at September 30, 2019 is \$12,500 (December 31, 2018 - \$nil) owed to the President's company, for unpaid consulting fees. These amounts are unsecured, non-interest bearing and due on demand.

(b) A total of \$142,485 (2018 - \$56,250), plus applicable taxes were charged to the Company by the Chief Financial Officer ("CFO"), pursuant to a consulting contract. \$Nil is included in accounts payable and accrued liabilities at September 30, 2019.

(c) During the nine months ended September 30, 2019, the Company incurred \$108,000 (2018 - \$382,500) of administrative service costs provided by Big Silver Ltd. a company owned and controlled by the Chairman, CEO and principal shareholder. At September 30, 2019 \$12,000 (December 31, 2018 - \$82,500) remains payable to Big Silver Ltd. These amounts are unsecured, non-interest bearing and due on demand. - **See note 14 Commitments and Contingencies.**

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13. SEGMENTED INFORMATION

At September 30, 2019, the Company's operations comprised one business segment engaged in mineral exploration and two operating segments - in Ecuador and Switzerland. Cash of \$2,730,402 (December 31, 2018 - \$805,365) is held in a Canadian chartered bank, an overdraft of \$208,491 (December 31, 2018 - \$11,167) being held in a chartered bank in Ecuador and the balance of \$1,867 (December 31, 2018 - \$489) being held in a chartered bank in Switzerland.

14. 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

Commencing January 1, 2019, the Company entered into an agreement with Big Silver Ltd. a company owned and controlled by the Chairman, Chief Executive Officer and principal shareholder, for office rent and general office services. The agreement can be terminated by either party with 90 days' notice.

The Company's President provides management services to the Company through a personal management company pursuant to a one-year, renewable consulting agreement. The President's annual compensation is \$150,000. Should the Company effect early termination of the agreement, a three-month notice period is required, and Dr. Spencer would be entitled to an additional lump-sum cash payment equal to nine months of monthly retainer fee. Should Dr. Spencer's agreement be terminated due to a change of control, additional compensation would be payable to a maximum of two years' retainer fees and any unvested options would vest immediately.

The Company's Chief Financial Officer provides financial corporate consulting services to the Company pursuant to an annual, renewable consulting agreement, the terms include a monthly fee of \$12,000 based on 50% of time with provision for additional hours as the need arises.

The Company runs its corporate social responsibility ("CSR") program under the guidance of a Toronto consulting firm, in tandem with the exploration program. Compensation for services provided by the consultants is stipulated at \$1,000 per diem for up to 10 days per month ("the base services"). Any additional services to be performed over and above the base services must be pre-approved in writing. Either party may terminate the CSR Contract with 30 days' written notice.

On October 9, 2018, the Company entered into a capital markets support agreement (the "Agreement") with a consultant. The consultant has been engaged to assist the Company by broadening the Company's exposure within the U.S. and Latin American investment communities. The Company has agreed to pay – USD111,000 in the first year, paid as follows: USD21,000 paid upon signing the Agreement and USD30,000 paid each three-month period ("Quarterly") thereafter throughout the term of the Agreement. The Agreement commenced on October 1, 2018 ("Commencement Date") and will terminate on the second anniversary, unless extended as by mutual agreement. After a period of eight (8) months following the Commencement Date, the Agreement may be terminated by either party at any time, with or without cause, upon 30 days' prior written notice to the other party.

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14. COMMITMENTS AND CONTINGENCIES, Continued

Service Costs and Consulting Agreements, Continued

On June 28, 2019, Aurania signed a contract with a consultant who will provide data analytic and statistical analysis services to Aurania to help refine its search for the historical gold mining centres of Logrono de los Caballeros and Sevilla del Oro in Ecuador. Aurania will pay USD150,000 in installments over two years against performance benchmarks, and granted 77,000 stock options exercisable for five years (see note 8).

On July 16, 2019, Aurania signed a contract with a consultant to perform a specialized LiDAR survey. Pursuant to the contract the Company will pay USD591,000 in installments against a performance and product delivery schedule.

15. SUBSEQUENT EVENTS

Subsequent to September 30, 2019, the Company extended the expiry date to December 31, 2019, from October 19, 2019 for 1,008,246 share purchase warrants with an exercise price of \$3.00.

Also, subsequent to September 30, 2019, the Company granted 1,150,000 stock options exercisable at \$2.70 per option and 122,700 restricted stock units to management, directors, consultants and employees of the Company. The options granted have a term of five years with one third of the options vesting immediately upon grant and one third vesting on each of the first and second anniversaries of the date of the grant. Members of the Company's community relations team, exploration team and administrative team were granted a total 122,700 RSUs that vest over a period of three years.