

**No securities regulatory authority has expressed an opinion about these securities and it is an offence to claim otherwise.** This short form prospectus constitutes a public offering of these securities only in those jurisdictions where they may be lawfully offered for sale and therein only by persons authorized to sell such securities. These securities have not been and will not be registered under the United States Securities Act of 1933, as amended (the “**U.S. Securities Act**”), or any U.S. state securities laws. Accordingly, these securities may not be offered or sold to or for the account or benefit of persons in the “United States” or “U.S. Persons” (as such terms are defined in Regulation S under the U.S. Securities Act) unless registered under the U.S. Securities Act and applicable U.S. state securities laws or pursuant to exemptions from the registration requirements of the U.S. Securities Act and applicable U.S. state securities laws. See “Plan of Distribution”.

**Information has been incorporated by reference in this short form prospectus from documents filed with securities commissions or similar authorities in Canada.** Copies of the documents incorporated herein by reference may be obtained on request without charge from the Chief Financial Officer of Aurania Resources Ltd. at 36 Toronto Street, Suite 1050, Toronto, Ontario M5C 2C5, telephone (416) 367-3200, and are also available electronically at [www.sedar.com](http://www.sedar.com).

## SHORT FORM PROSPECTUS

New Issue

October 22, 2020



**AURANIA**  
RESOURCES LTD.

### AURANIA RESOURCES LTD.

**\$10,019,000**  
**2,330,000 Units**

This short form prospectus qualifies the distribution of 2,330,000 units (the “**Units**”) of Aurania Resources Ltd. (the “**Company**”) at a price of \$4.30 per Unit (the “**Offering Price**”) for aggregate gross proceeds of \$10,019,000 (the “**Offering**”). Each Unit will consist of one common share in the capital of the Company (a “**Unit Share**”) and one-half of one common share purchase warrant (each whole common share purchase warrant, a “**Warrant**”). Each Warrant will entitle the holder thereof to acquire, subject to adjustment in certain circumstances, one additional common share in the capital of the Company (each a “**Warrant Share**”) at an exercise price of \$5.50 at any time prior to 4:00 p.m. (Toronto time) on the date that is twenty-four (24) months following the Closing Date (as hereinafter defined). The terms of the Offering, including the Offering Price, were determined by negotiation between the Company and Cantor Fitzgerald Canada Corporation (“**Lead Underwriter**” or “**CFCC**”) as lead underwriter and sole bookrunner, on its own behalf and on behalf of Canaccord Genuity Corp., Echelon Wealth Partners Inc., Eight Capital, Haywood Securities Inc. and Raymond James Ltd. (collectively, with the Lead Underwriter, the “**Underwriters**”).

The outstanding common shares of the Company (the “**Common Shares**”) are listed and posted for trading on the TSX Venture Exchange (the “**TSX-V**”) under the symbol “ARU”, on the Frankfurt Exchange under the symbol “20Q” and on the OTCQB Venture Market under the symbol “AUIAF”. The TSX-V has conditionally approved the listing of the Unit Shares and the Warrants to be distributed under this short form prospectus on the TSX-V, the Warrant Shares issuable upon exercise of the Warrants, as well as any Common Shares underlying the Broker Warrants (as defined below). Listing will be subject to the Company fulfilling all of the listing requirements of the TSX-V within 30 days of the closing of the Offering. On September 29, 2020, the last trading day prior to the date of the announcement of the Offering, the closing price of the Common Shares on the TSX-V was \$5.40 per Common Share. On October 21, 2020, the last trading day prior to the date of this short form prospectus, the closing price of the Common Shares on the TSX-V was \$4.50 per Common Share.

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**PRICE: \$4.30 PER UNIT**

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	<u>Price to the Public</u>	<u>Underwriters' Fee <sup>(1)</sup></u>	<u>Net Proceeds to the Company <sup>(2)</sup></u>
Per Unit .....	\$4.30	\$0.258	\$4.042
Total Offering <sup>(3)</sup> .....	\$10,019,000	\$601,140	\$9,417,860

**Notes:**

- (1) Upon the closing of the Offering (the "Closing"), the Company will pay the Underwriters a cash commission (the "Underwriters' Fee") equal to 6% of the gross proceeds of the Offering, including proceeds realized from the sale of any Additional Units (as defined below) sold pursuant to the exercise of the Over-Allotment Option (as defined below). The Company has also agreed to issue broker warrants (the "Broker Warrants") entitling the Underwriters to acquire a number of Units equal to 6% of the number of Units sold under the Offering, including any Additional Units sold pursuant to the exercise of the Over-Allotment Option. Each Broker Warrant shall entitle the Underwriters to purchase one Unit at the Offering Price at any time on or before the date which is twenty-four (24) months after the Closing Date. See "Plan of Distribution".
- (2) Before deducting expenses of the Offering estimated to be \$200,000 which, together with the Underwriters' Fee, will be paid from the proceeds of the Offering.
- (3) The Company has granted the Underwriters an over-allotment option (the "Over-Allotment Option"), exercisable in whole or in part, from time to time, for a period of 30 days from the Closing (including the date thereof), to purchase up to an additional 15% of the Units, being 349,500 Units (the "Additional Units") at the Offering Price per Additional Unit to cover over-allotments, if any, and for market stabilization purposes. The Over-Allotment Option may be exercised by the Underwriters in respect of: (i) Additional Units at the Offering Price; (ii) additional Unit Shares (the "Additional Shares") at a price of \$4.25 per Additional Share; (iii) additional Warrants (the "Additional Warrants") at a price of \$0.10 per Additional Warrant; or (iv) any combination of Additional Shares and/or Additional Warrants (together, the "Additional Securities"), so long as the aggregate number of Additional Shares and Additional Warrants which may be issued under the Over-Allotment Option does not exceed 349,500 Additional Shares and 174,750 Additional Warrants. The grant of the Over-Allotment Option and the Additional Securities issuable upon exercise of the Over-Allotment Option are hereby qualified for distribution under this short form prospectus. A purchaser who acquires Units, Unit Shares or Warrants forming part of the underwriters' over-allotment position acquires these securities under this short form prospectus regardless of whether the over-allotment position is ultimately filled through the exercise of the Over-Allotment Option or secondary market purchases. If the Over-Allotment Option is exercised in full, the aggregate gross proceeds, Underwriters' Fee and net proceeds to the Company (before deducting expenses of the Offering) in respect of the Offering will be \$11,521,850, \$691,311 and \$10,830,539, respectively. Where applicable, references to "Offering", "Units", "Unit Shares", "Warrants" and "Warrant Shares" include the securities issuable upon the exercise of the Over-Allotment Option. See "Plan of Distribution". All references herein to "the Offering", shall be read to include, as the context permits or requires, the issue of any Additional Units, Additional Shares, or Additional Warrants issued pursuant to any exercise by the Underwriters of the Over-Allotment Option.

The following table sets forth the maximum number of securities that may be issued by the Company pursuant to the exercise of the Over-Allotment Option:

<u>Underwriters' Position</u>	<u>Maximum Size or Number of Securities Available</u>	<u>Exercise Period</u>	<u>Exercise Price</u>
Over-Allotment Option	349,500 Additional Shares and/or 174,750 Additional Warrants	For a period of 30 days from Closing of the Offering	\$4.30 per Additional Unit \$4.25 per Additional Share \$0.10 per Additional Warrant

The Underwriters, as principals, conditionally offer the Units, subject to prior sale, if, as and when issued by the Company and accepted by the Underwriters in accordance with the conditions contained in the Underwriting Agreement referred to under "Plan of Distribution" and subject to the approval of certain legal matters on behalf of the Company by Peterson McVicar LLP and on behalf of the Underwriters by Bennett Jones LLP.

Subject to applicable law, the Underwriters may, in connection with the Offering, over-allocate or effect transactions that stabilize or maintain the market price of the Common Shares at levels other than those that otherwise might prevail on the open market. Such transactions, if commenced, may be discontinued at any time. See "Plan of Distribution".

Subscriptions for Units will be received subject to rejection or allotment in whole or in part and the Underwriters reserve the right to close the subscription books at any time without prior notice. The Offering will not close for aggregate gross proceeds of less than \$10,019,000. Closing of the Offering is expected to take place on October 28, 2020 or such other date as may be agreed upon by the Company and the Underwriters (the "Closing Date"). The Units are to be taken up by the Underwriters, if at all, on or before the date that is not later than 42 days after the date of the receipt for the final short form prospectus related to the Offering. The Offering will be conducted under the book-based system. A subscriber who purchases Units will receive a customer confirmation from the registered dealer from or through whom Units are purchased and who is a CDS Clearing and Depository Services

Inc. (“CDS”) depository service participant. CDS will record the CDS participants who hold Units on behalf of owners who have purchased Units in accordance with the book-based system. No certificates evidencing the Units are expected to be issued, except in certain limited circumstances, and registration will be made in the name of the nominee of CDS.

The Underwriters propose to offer the Units initially at the Offering Price specified above. After a reasonable effort has been made to sell all of the Units at the Offering Price, the Underwriters may subsequently reduce the selling price to investors from time to time in order to sell any of the Units remaining unsold. Any such reduction will not affect the proceeds received by the Company. See “*Plan of Distribution*”.

**An investment in the Units is subject to various risks that should be considered by prospective subscribers including those risks inherent to the industries in which the Company operates. Prospective subscribers should carefully consider the risks described under “*Risk Factors*” before deciding whether to invest in any Units.**

Keith Barron, Alfred Lenarciak, Warren Gilman, Jonathan Kagan and Leanne Baker, each of whom is a director of the Company, reside outside of Canada and have appointed the Company at its registered office set forth below as their agent for service of process in Canada. Purchasers are advised that it may not be possible for investors to enforce judgments obtained in Canada against any person that resides outside of Canada, even if the person has appointed an agent for service of process in Canada.

The head and registered office of the Company is 36 Toronto Street, Suite 1050, Toronto, Ontario M5C 2C5.

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## CAUTIONARY NOTE REGARDING FORWARD-LOOKING INFORMATION

This short form prospectus contains or incorporates by reference “forward-looking statements” and “forward-looking information” (collectively, “**forward-looking statements**”) within the meaning of applicable Canadian securities legislation and applicable U.S. securities laws concerning the Company’s plans for its properties, operations and other matters. Except for statements of historical fact relating to the Company, certain statements contained herein or incorporated by reference constitute forward-looking statements including, but not limited to, statements regarding the completion of the Offering and the timing thereof, the use of the proceeds of the Offering, the projections contained in the Company’s Technical Report (as defined below), financing sources available to continue to explore the Company’s Lost Cities – Cutucú Project, the future financial or operating performance of the Company and its properties and projects, the supply and demand for metals, government regulation of mining operations, political uncertainties, the ability of the Company to obtain all government approvals, permits and third party consents in connection with the Company’s exploration, development and operating activities, accidents and labour disputes, future anticipated and current exploration programs and expenditures, exploration results, the potential discovery and delineation of mineral deposits/resources/reserves, proposed business plans, the potential impact of COVID-19 on the Company, anticipated business trends and metal prices, and may relate to analyses and other information that are based on forecasts of future results, general business and economic conditions, estimates of amounts not yet determinable and assumptions of management. Any statements that express or involve discussions with respect to predictions, expectations, beliefs, plans, projections, objectives, assumptions or future events or performance (often, but not always, using words or phrases such as “expects” or “does not expect”, “is expected”, “anticipates” or “does not anticipate”, “plans”, “estimates”, “believes”, “proposed”, “intends” or “does not intend”, or stating that certain actions, events or results “may”, “could”, “would”, “might” or “will” be, or not be, taken, occur or be or not be achieved) are not statements of fact and may be forward-looking statements.

Forward-looking statements are subject to a variety of risks and uncertainties, many of which are beyond the Company’s control, which could cause actual events or results to differ materially and adversely from those reflected in the forward-looking statements. These risks are described or referred to below under the heading “*Risk Factors*” in this short form prospectus, and under the heading “*Risk Factors*” in the annual information form of the Company dated August 21, 2020 for the year ended December 31, 2019 and under the heading “*Risk and Uncertainties*” in the management’s discussion and analysis of consolidated results of operations and financial condition dated April 16, 2020 for the year ended December 31, 2019, both of which are incorporated herein by reference. Should one or more of the risks and uncertainties materialize, or should underlying assumptions prove incorrect, actual results may vary materially and adversely from those described in the forward-looking statements. Forward-looking statements are made based on management’s beliefs, estimates, assumptions and opinions on the date the statements are made and, other than as required by applicable law, the Company undertakes no obligation to update the forward-looking statements if these beliefs, estimates, assumptions and opinions or other circumstances should change. Investors are cautioned against attributing undue certainty or weight to forward-looking statements. Forward-looking statements made in a document incorporated by reference in the short form prospectus are made as at the date of the original document and have not been updated except as expressly provided for in this short form prospectus.

Readers are also cautioned that the assumptions used in the preparation of such information, although considered reasonable at the time of preparation, may prove to be imprecise and, as such, undue reliance should not be placed on forward-looking statements. The Company’s actual results, programs and financial position could differ materially from those expressed in or implied by these forward-looking statements, and accordingly, no assurance can be given that the events anticipated by the forward-looking statements will transpire or occur, or that, if any of them do so, what benefits the Company will derive therefrom.



## DOCUMENTS INCORPORATED BY REFERENCE

**Information has been incorporated by reference in this short form prospectus from documents filed with securities commissions or similar authorities in Canada.** Copies of the documents incorporated herein by reference may be obtained on request without charge from the Chief Financial Officer of the Company at 36 Toronto Street, Suite 1050, Toronto, Ontario M5C 2C5, telephone (416) 367-3200, or by accessing the Company's disclosure documents available through the Internet on the Canadian System for Electronic Document Analysis and Retrieval ("**SEDAR**") at [www.sedar.com](http://www.sedar.com).

Under the short form prospectus system adopted by the securities commissions and similar securities regulatory authorities in the relevant provinces of Canada, the Company is permitted to incorporate by reference the information filed with securities commissions and similar securities regulatory authorities in Canada, which means that the Company can disclose important information by referring to those documents. Information that is incorporated by reference is an important part of this short form prospectus. The following documents were filed with the securities commission or other similar securities regulatory authority in each of the provinces of Canada are specifically incorporated by reference in, and form an integral part of, this short form prospectus:

- (1) the annual information form dated August 21, 2020 for the fiscal year ended December 31, 2019 (the "**Annual Information Form**");
- (2) the management proxy circular dated April 30, 2020, prepared for the annual and special meeting of our shareholders held on June 10, 2020 (the "**Information Circular**");
- (3) the audited consolidated financial statements as at and for the years ended December 31, 2019 and December 31, 2018, together with the notes thereto and the auditors' reports thereon;
- (4) the management's discussion and analysis of consolidated results of operations and financial condition dated April 16, 2020 for the fiscal year ended December 31, 2019;
- (5) the unaudited interim condensed consolidated financial statements for the three and six months ended June 30, 2020 and June 30, 2019, together with the accompanying notes thereto;
- (6) the management's discussion and analysis of financial results dated August 19, 2020 for the three and six months ended June 30, 2020 and June 30, 2019;
- (7) the material change report dated January 9, 2020 in respect of proceeds from exercise of warrants;
- (8) the material change report dated February 19, 2020 in respect of the announcement a non-brokered private placement financing of units for gross proceeds of up to \$8,000,000;
- (9) the material change report dated February 28, 2020 in respect of the announcement of the closing of the first tranche of a non-brokered private placement financing of units for gross proceeds of \$1,469,369.20;
- (10) the material change report dated March 5, 2020 in respect of the announcement of the closing of the second tranche of a non-brokered private placement financing of units for gross proceeds of \$4,164,065.70;
- (11) the material change report dated March 13, 2020 in respect of the announcement of the closing of the third and final tranche of a non-brokered private placement financing of units for gross proceeds of \$836,696;
- (12) the material change report dated September 30, 2020 filed in connection with the announcement of the Offering and filing of the preliminary short form prospectus;
- (13) the material change report dated October 1, 2020 filed in connection with the filing of this amended and restated short form prospectus; and
- (14) the "template version" (as such term is defined National Instrument 44-101 – *Short Form Prospectus Distributions* ("**NI 44-101**")) of the investor presentation dated September 30, 2020 in respect of the Offering and the amended and restated investor presentation for the Offering dated September 30, 2020 (together, the "**Marketing Materials**").

Any documents of the type required by NI 44-101 to be incorporated by reference in a short form prospectus, including any material change reports (excluding material change reports filed on a confidential basis), interim financial statements, annual financial statements and the auditors' report thereon, management's discussion and analysis, information circulars, annual information forms and business acquisition reports filed by the Company with securities commissions or similar regulatory authorities in Canada subsequent to the date of this short form prospectus and prior to the termination of this distribution are deemed to be incorporated by reference in this short form prospectus.

Any statement contained herein or in a document incorporated or deemed to be incorporated by reference herein will be deemed to be modified or superseded for purposes of this short form prospectus to the extent that a statement contained herein or in any other subsequently filed document which also is

or is deemed to be incorporated by reference herein modifies or supersedes such prior statement. Any statement or document so modified or superseded will not, except to the extent so modified or superseded, be incorporated by reference and constitute a part of this short form prospectus. The making of a modifying or superseding statement will not be deemed an admission for any purposes that the modified or superseded statement, when made, constituted a misrepresentation, an untrue statement of a material fact or an omission to state a material fact required to be stated therein or necessary to make the statements therein not misleading in light of the circumstances in which they were made.

## MARKETING MATERIALS

The Marketing Materials are not part of this short form prospectus to the extent that the contents of the Marketing Materials have been modified or superseded by a statement contained in this short form prospectus. Any “template version” of “marketing materials” (each as defined in National Instrument 41-101 – *General Prospectus Requirements*) prepared in connection with the Offering do not form part of this short form prospectus to the extent that the contents of the Marketing Materials have been modified or superseded by a statement contained in this short form prospectus.

Any “template version” of “marketing materials” filed on SEDAR after the date of this short form prospectus and before the termination of the distribution under the Offering will be deemed to be incorporated into this short form prospectus.

## SUMMARY DESCRIPTION OF THE BUSINESS

### Overview

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

The Company is a reporting issuer under applicable securities legislation in the Provinces of British Columbia, Alberta and Ontario. The Company’s Common Shares are listed on the TSX-V under the symbol “ARU”, on the Frankfurt Exchange under the symbol “20Q” and on the OTCQB Venture Market under the symbol “AUIAF”.

Aurania is a junior mineral exploration and development company whose principal business is the exploration and development of natural resources in Ecuador. The Company’s main focus is to explore and develop its chief mineral property, the Lost Cities – Cutucú Project consisting of 42 mineral exploration concessions granted in December 2016, covering 207,764 hectares of the Cordillera de Cutucú in southeastern Ecuador ( the “**Lost Cities – Cutucú Project**”) and to acquire additional mineral properties.

The Company commenced field operations in 2017. Cumulative exploration expenditures at the Lost Cities – Cutucú Project totaled approximately \$21.6 million as at June 30, 2020. Expenditures include concessions payments and property tax payments, the production of the technical report titled “Technical Review of The Lost Cities – Cutucú Exploration Project, Morona-Santiago Province, Ecuador for Aurania Resources Ltd”, dated February 4, 2020, with an Effective Date of December 21, 2019, and prepared by Robert H. Page, Ph.D, P.Geo. of Watts, Griffis and McOuat Limited (the “**Technical Report**”), and other mineral exploration and evaluation activities.

Exploration expenditures at the Lost Cities – Cutucú Project since the date of the Technical Report to June 30, 2020 totaled approximately \$6.3 million, which included \$3.5 million expended to complete 1,541 meters of drilling in addition to advancing with additional exploration work consisting of stream sediment sampling, ridge and spur soil sampling, geological mapping in accordance with the work program recommended in the Technical Report. In addition to maintaining the mineral exploration

concessions in good standing, the Company intends to continue the scout drilling program that started in mid-September of 2020 to investigate multiple copper, copper-silver, gold-silver and silver-dominated targets, while continuing with the broader exploration program that is based on stream sediment, soil and rock-chip sampling, geological mapping and focused geophysical surveys.

The annual exploration concession fee of \$2,800,000 (calculated at the rate of approximately US\$10 per hectare) must be paid by March 31, 2021 in respect of calendar year 2021 and the Company is required to expend approximately \$2,800,000 during the calendar year 2020 to maintain the concessions in good standing. The annual exploration concession fee payable on the mineral exploration concessions comprising the Lost Cities – Cutucú Project is applied to the exploration expenditure requirement.

The Company's primary focus in 2020 and for the first two quarters of 2021 will be advancing the scout drilling program in addition to continuing to advance stream sediment sampling over areas yet to be accessed, and refining targets areas through ridge and spur soil sampling, geological mapping and geophysical surveys throughout the Lost Cities – Cutucú Project.

See "*Corporate Structure*", "*General Development of Business*" and "*Description of the Business*" in the Annual Information Form for a detailed description of the business and operations of the Company, including corporate governance of the Company's subsidiaries. Further details concerning the Company, including information with respect to the Company's assets, operations and history, including the information on the Lost Cities – Cutucú Project are provided in the Annual Information Form and the other documents incorporated by reference into this short form prospectus. Readers are encouraged to thoroughly review these documents as they contain important information concerning the Company.

## **Recent Developments**

The Chairman, Chief Executive Officer and director of the Company, Dr. Keith Barron (the "**Lender**"), has made two unsecured loans to the Company and Ecuasolidus S.A., a wholly-owned subsidiary of the Company. The first loan is in the principal amount of US\$3,000,000, bears interest at the rate of 2.0% per annum and had an expiry date of April 22, 2021. The second loan is in the principal amount of \$569,828, bears interest at the rate of 2.0% per annum and had an expiry date of May 29, 2021. On August 20, 2020, the loans were amended to provide that they have become demand loans due and payable within 12 months and one day from the date on which the Lender requests repayment.

In February and March of 2020, the Company conducted a non-brokered private placement consisting of the sale of aggregate of 2,087,139 of units of the Company (the "**Units**") at a price of \$3.10 per unit of the Company for gross proceeds of \$6,470,131 (the "**March 2020 Private Placement**"). Each Unit consisted of one Common Share and one-half of one Common Share purchase warrant with each whole warrant exercisable into a Common Share for a price of \$4.25 for a period of 18 months following the issuance. The March 2020 Private Placement was conducted in three tranches with the first tranche, consisting of the sale of 473,990 Units, closing on February 28, 2020; the second tranche, consisting of the sale of 1,343,247 Units, closing on March 5, 2020 and the third tranche, consisting of the sale of 269,902 Units, closing on March 13, 2020.

The proceeds from the March 2020 Private Placement were used substantially in accordance with the use of proceeds disclosed in the announcement of the March 2020 Private Placement being to advance exploration in the Lost Cities – Cutucú Project, including corporate social responsibility work for community relations in the concession areas, basic exploration including field work and sampling, the completion and interpretation of geophysics surveys to refine specific target areas and to drill gold, silver and copper targets, and for general working capital purposes. As at the date hereof the Company has expended approximately \$4.67 million of the proceeds from the March 2020 Private Placement with the remaining \$1.8 million comprising the cash balance of the Company as at the date of this Prospectus. See "*Use of Proceeds*".

On March 11, 2020, the World Health Organization declared the outbreak of COVID-19 a global pandemic. Since the outbreak of COVID-19, the Company has focused its efforts on safeguarding the

health and well-being of its employees, consultants and community members. To help slow the spread of COVID-19, the Company's employees have been working remotely, where possible, and abiding by local and national guidance put in place in Canada and Ecuador related to social distancing and restrictions on travel outside of the home. The Government of Ecuador considers mining a strategic sector and regards the industry as an important pillar for the economy and development in Ecuador. Certain activities, such as maintenance, provision of humanitarian aid and security, have been authorized during this time, as long as companies abide by the local and national guidance in place in Ecuador with respect to social distancing, sanitation and other mobilization protocols. The Company has and will continue to abide by the protocols within Canada and Ecuador regarding the performance of work activities.

The Company's field and office activities have been impacted as a result of governmental restrictions and regulations restricting movement within Ecuador and travel between Canada and Ecuador. On March 15, 2020 Ecuador imposed an international travel ban. As a response to the travel restrictions and other governmental measures, the Company completed the withdrawal of its field personnel from the operational area by March 21, 2020 and arranged for its Canada-based personnel to work remotely and abide by the recommended federal and provincial guidelines. Planning and administrative activities were conducted via desktop and web-based protocols while restrictions on work activities are in place within Ecuador and Canada. During the months of March to June 2020, the Company has progressed primarily with planning for future technical programs under new COVID-19 protocols and on the interpretation and analysis of the previously collected data. On June 1, 2020, the first team began preparations for field work at the Company's field office at Macas, Ecuador, in accordance with the Company's COVID-19 protocol that was implemented following implementation of the biosafety protocol for the reopening of mining activities approved by Ecuador's National Committee of Emergency. By June 24, 2020, in accordance with governmental policies implementing the partial lifting of the COVID-19-related restrictions which permitted employment of 50% of the workforce, the Company's field teams became operational at the Lost Cities – Cutucú Project.

Since the implementation of the COVID-related measures by the government of Ecuador, the Company has been working closely with the relevant Ecuadorian ministries, including the Ministry of Energy and Non-renewable Resources, to develop a comprehensive mobilization protocol for the Lost Cities – Cutucú Project and assisted with dissemination of government-issued information to local communities in the area of influence of Lost Cities – Cutucú Project by translating it into the language of the local communities.

On September 14, 2020 the Company commenced drilling on the Tsenken N2 copper-silver target at the Lost Cities – Cutucú Project. The drilling programs are being conducted utilizing COVID-19 – related protocols, including a rotating workforce, mandatory use of personal protective gear, access to testing, implementation of segregated work areas and careful monitoring of the supply chain. A medical doctor is on duty at the drill camp on a 24/7 basis.

Management of the Company maintains oversight over its operations within Ecuador and believes there is adequate staffing and supervision to achieve the Company's objectives while travel restrictions are in place.

At this time, the Company cannot reasonably estimate the impact of COVID-19 on planned exploration operations. However, appropriate management oversight of the Company's activities and supply chain issues during periods where travel restrictions are in place, is anticipated to be discharged via regular management teleconferencing meetings, extensive control testing and board and management oversight. During periods where employees may travel, the Company will employ reasonable oversight provisions and hire appropriate individuals based upon customary practice in the mining industry.

## **CONSOLIDATED CAPITALIZATION**

The following table sets forth the consolidated capitalization of the Company as at June 30, 2020 and the pro forma consolidated capitalization of the Company as at June 30, 2020 adjusted to give effect to the Offering and assuming the exercise of the Over-Allotment Option in full.

	<u>Authorized</u>	<u>As at June 30, 2020<sup>(1)</sup></u>	<u>As at June 30, 2020, after giving effect to the Offering</u>
Common Shares	Unlimited	40,816,179 Common Shares	43,495,679 Common Shares
Warrants	Unlimited	1,885,420 Warrants	3,225,170 Warrants

**Notes:**

(1) As at June 30, 2020, the Company had 1,885,420 warrants, 2,680,323 stock options and 189,700 restricted stock units each exercisable to acquire one Common Share, for 45,571,622 Common Shares outstanding on a fully diluted basis.

There have been no material changes in the Company's share capital, on a consolidated basis, since the date of the Company's financial statements for the three and six months ended June 30, 2020, which have not been disclosed in this short form prospectus or the documents incorporated by reference herein except for an aggregate of: i) 432,000 Common Shares issued pursuant to exercise of stock options; and ii) 5,000 Common Shares issued pursuant to exercise of 5,000 warrants.

### USE OF PROCEEDS

The net proceeds to the Company from the Offering are estimated to be \$9,217,860, after deducting from the gross proceeds (\$10,019,000) total expenses of \$801,140 consisting of (i) the Underwriter's Fee (\$601,140), and (ii) the expenses of the Offering (estimated to be approximately \$200,000). If the Over-Allotment Option is exercised in full, the net proceeds to the Company from the Offering are estimated to be \$10,630,539 after deducting from the gross proceeds (\$11,521,850) total expenses of \$891,311 consisting of (i) the Underwriter's Fee (\$691,311), and (ii) the expenses of the Offering (estimated to be approximately \$200,000). The Underwriter's Fee and the expenses of the Offering will be paid from the proceeds of the Offering.

The Company's current primary business objective is to conduct gold, silver and copper exploration and drilling at the Lost Cities – Cutucú Project. The Company believes that the net proceeds of the Offering, when combined with its other funds on hand, will position the Company with sufficient resources to accomplish its business objective and achieve its next milestone of completing initial drilling programs on gold and copper targets at the Lost Cities – Cutucú Project by June 2021. The initial drilling of these targets represents the next significant milestone for the Company and the net proceeds of the Offering will enable the Company to continue its exploration operations until June 2021 to complete the initial drilling programs and fund corporate and administrative expenses until September 2021.

The exploration strategy adopted by the Company is to advance to scout drilling as quickly as possible as each target is identified, while regional exploration continues in parallel, undertaken by different exploration teams. Targets are ranked for scout drilling in a dynamic manner based on their technical merit and it is quite possible that a target newly identified by the regional exploration may be prioritized for scout drilling above a longer-standing target if it is deemed to represent a stronger target. As noted in the Technical Report, this approach is appropriate in a project area as large as the Lost Cities – Cutucú Project. In environments in which there is significant exposure of rock at surface due to sparse vegetation cover, targets may be advanced through detailed study of geology, mineral alteration and the study of mineralization; in the dense jungle that covers the Lost Cities – Cutucú Project, there is minimal rock exposure and hence the exploration that's achieved principally through field work in sparsely vegetated areas is achieved through scout drilling in jungle-covered areas. Accordingly, due to the large size of the concession area, combined with difficult access due to dense jungle-covered mountainous terrain, scout drilling is used as an integral part of the exploration program. Each target that is designated for initial drilling in the Prospectus is an area in which the basic exploration has been done as recommended in the Technical Report. Specifically, each target area identified for drilling has been based on anomalies advanced to drill targeting through ridge and spur soil sampling followed by detailed grid soil sampling, mapping of stream beds, prospecting and detailed geophysics.

The Technical Report identifies the following types of target mineralization: (i) epithermal, (ii) sedimentary copper, (iii) intrusive-related copper and (iv) carbonate replacement silver-zinc-lead. The Company's

current exploration and drilling at the Lost Cities – Cutucú Project is focused on the following types of mineralization:

- a) Intrusive-related, including porphyry, copper and sedimentary-hosted copper-silver; and
- b) epithermal gold-silver and related silver-rich areas of silver-zinc-lead carbonate replacement systems.

The impact of COVID-19 on the operations of the Company did not result in a significant delay in the estimated timeline for achieving the significant milestones. While COVID-19 restrictions impacted field operations at the Lost Cities – Cutucú Project in the months of March through June of 2020, during that period the Company was able to concentrate on the desktop work which resulted in a concentrated re-deployment of field operations in July and August of 2020, which since August of 2020 have been restored to a level where normal exploration activity may be undertaken. The remote location of the field operations contributed to the isolation of the workforce and allowed the Company to introduce medical testing protocols at minimal cost and ensured a safe return to operations in compliance with the required governmental procedures and regulations. The additional costs associated with the continuing impact of COVID-19 on projected operations of the Company related to the cost of medical personnel and associated COVID-related training to its employees. Such additional costs are included in field office expenses. The anticipated timelines for completion of milestones which account for the impact of COVID-19 are specified in the use of proceeds table below.

As of the date of this Prospectus, the Company had a working capital deficit of approximately \$0.7 million with a cash balance of approximately \$1.8 million. As at June 30, 2020, the Company had a working capital deficit of \$640,000 and the working capital balance has been adjusted since that time by (i) ongoing property expenditures and corporate general and administrative expenses which have reduced working capital, (ii) a reclassification of loans from current liabilities to long-term liabilities (see “*Summary Description of the Business – Recent Developments*”) which has increased working capital, and (iii) inclusion into working capital of the liability of \$2,800,000 in respect of annual concession payments on the Lost Cities – Cutucú Project due March 31, 2021 (see below) which has reduced working capital.

The net proceeds of the Offering will be used to support the objectives in the proportions specified in the table below with the next most significant milestone being completion of the initial drilling programs on gold and copper targets at the Lost Cities – Cutucú Project by June 30, 2021. There are no expected cash costs over the period until September 30, 2021 that are not included in this table. All of the specified exploration costs in this table relate to the initial drilling programs on gold and copper targets at the Lost Cities – Cutucú Project, other than the regional exploration and the Peru desktop studies of geophysics. In addition, the budget provides that there are sufficient funds for twelve months of general and administrative expenses to allow for contingencies and assessment of exploration results. The exploration program proposed in the table is of a reduced size compared to prior periods. The Company has determined to explore an initial set of targets in a smaller program to further advance its understanding of the Lost Cities – Cutucú Project, and then progress to further work in additional phases based on these exploration results.

Technical Report dated December 21, 2019 Table 14 modified: Recommended Budget		Use of Proceeds Assuming No Exercise of Over-Allotment Option							Anticipated Timing of Expenditure
Cost Center/Work Type	Recommended Budget	Planned Expenditure	Geochemistry	Geophysics	Geological Mapping	Drilling	Drill metreage	Sub-total	
<b>Exploration Expenditures - Lost Cities - Cutucu Project <sup>(1)</sup></b>									
<b>Concession Holding Costs (2)</b>	<b>\$2,800,000</b>	<b>\$2,800,000</b>						<b>\$2,800,000</b>	March 31, 2021
Project related legal costs	\$50,000	Allocated to project cost							
Macas Field Office expense	\$80,000	\$60,000						\$60,000	
Senior Project Management	\$200,000	Allocated to project cost							
Community Relations	\$250,000	\$250,000						\$250,000	
Ecuador Logistics	\$90,000	\$60,000						\$60,000	
Project related travel	\$30,000	Allocated to project cost							
Regional Exploration	\$600,000	\$200,000	\$100,000	\$70,000	\$30,000			\$200,000	June 30, 2021
Epithermal Exploration	\$2,530,000	\$1,605,000	\$40,000	\$80,000	\$35,000	\$1,450,000	4,000	\$1,605,000	June 30, 2021
Sedimentary Copper Exploration	\$1,200,000	\$855,000	\$30,000	\$45,000	\$30,000	\$750,000	1,500	\$855,000	June 30, 2021
Intrusive-related Copper Exploration	\$1,000,000	\$1,400,000	\$50,000	\$60,000	\$40,000	\$1,250,000	4,000	\$1,400,000	June 30, 2021
Carbonate Replacement Silver-Zinc-Lead Exploration	\$170,000	\$680,000	\$40,000	\$50,000	\$40,000	\$550,000	1,500	\$680,000	June 30, 2021
Peru desktop studies - geophysics		\$50,000		\$50,000				\$50,000	June 30, 2021
<b>Sub-total Exploration</b>	<b>\$6,200,000</b>	<b>\$5,160,000</b>	<b>\$260,000</b>	<b>\$355,000</b>	<b>\$175,000</b>	<b>\$4,000,000</b>	<b>11,000</b>	<b>\$5,160,000</b>	
12 Month Corporate G&A (3)		\$1,257,860						\$1,257,860	September 30, 2021
<b>Sub-total</b>	<b>--</b>	<b>\$6,417,860</b>						<b>\$9,217,860</b>	
Financing Fees & Costs		\$801,140						\$801,140	October 31, 2020
<b>Total</b>	<b>\$9,000,000</b>	<b>\$10,019,000</b>						<b>\$10,019,000</b>	

Technical Report dated December 21, 2019 Table 14 modified: Recommended Budget		Use of Proceeds Assuming Exercise of Over-Allotment Option							Anticipated Timing of Expenditure
Cost Center/Work Type	Recommended Budget	Planned Expenditure	Geochemistry	Geophysics	Geological Mapping	Drilling	Drill metreage	Sub-total	
<b>Exploration Expenditures - Lost Cities - Cutucu Project (1)</b>									
Concession Holding Costs (2)	\$2,800,000	\$2,800,000						\$2,800,000	March 31, 2021
Project related legal costs	\$50,000	Allocated to project cost							
Macas Field Office expense	\$80,000	\$60,000						\$60,000	
Senior Project Management	\$200,000	Allocated to project cost							
Community Relations	\$250,000	\$350,000						\$350,000	
Ecuador Logistics	\$90,000	\$95,000						\$95,000	
Project related travel	\$30,000	Allocated to project cost							
Regional Exploration	\$600,000	\$380,000	\$250,000	\$80,000	\$50,000	\$0		\$380,000	June 30, 2021
Epithermal Exploration	\$2,530,000	\$1,920,000	\$150,000	\$250,000	\$70,000	\$1,450,000	4,000	\$1,920,000	June 30, 2021
Sedimentary Copper Exploration	\$1,200,000	\$865,000	\$30,000	\$45,000	\$40,000	\$750,000	1,500	\$865,000	June 30, 2021
Intrusive-related Copper Exploration	\$1,000,000	\$2,110,000	\$50,000	\$70,000	\$40,000	\$1,950,000	6,250	\$2,110,000	June 30, 2021
Carbonate Replacement Silver- Zinc-Lead Exploration	\$170,000	\$740,000	\$90,000	\$60,000	\$40,000	\$550,000	1,500	\$740,000	June 30, 2021
Peru desktop studies - geophysics		\$50,000		\$50,000				\$50,000	June 30, 2021
<b>Sub-total Exploration</b>	<b>\$6,200,000</b>	<b>\$6,570,000</b>	<b>\$570,000</b>	<b>\$555,000</b>	<b>\$240,000</b>	<b>\$4,700,000</b>	<b>13,250</b>	<b>\$6,570,000</b>	
12 Month Corporate G&A (3)		\$1,260,539						\$1,260,539	September 30, 2021
<b>Sub-total</b>		<b>\$10,630,539</b>						<b>\$10,630,539</b>	
Financing Fees & Costs		\$891,311						\$891,311	October 31, 2020
<b>Total</b>	<b>\$9,000,000</b>	<b>\$11,521,850</b>						<b>\$11,521,850</b>	

Notes:

- (1) Since the date of the Technical Report, to date the Company has expended \$6.3 million towards the work program recommended in the Technical Report.
- (2) Annual concession payments are calculated at a rate of approximately US\$10 per hectare and are payable on March 31, 2021 for the calendar year 2021.
- (3) It is anticipated that Corporate G&A over the next twelve months will comprise of, among other items, approximately \$517,860 of salary and management fees, \$350,000 of investor relations fees, \$150,000 of professional fees, \$240,000 of filing fees, rent, administrative and office.

Jean-Paul Pallier, the Company's VP Exploration, is the qualified person responsible for designing, budgeting and recommending the use of proceeds for the proposed exploration program at the Lost Cities – Cutucú Project outlined above.

Although the Company intends to expend the net proceeds from the Offering as set forth above, there may be circumstances where, for sound business reasons, a reallocation of funds may be deemed prudent or necessary and may vary materially from that set forth above, as the amounts actually allocated and spent will depend on a number of factors, including the Company's ability to execute on its business plan. While actual expenditures may differ from the above amounts and allocations, the net proceeds will be used by the Company in furtherance of, and for activities at, the Lost Cities – Cutucú Project for corporate development and for general corporate purposes. See "Risk Factors – Use of Proceeds".

Exploration funding on the Project was curtailed at the height of the COVID-19 pandemic, between mid-March 2020 and mid-June, 2020. Thereafter, normal field operations were gradually restored by the end of September, 2020. From this time onward, the Company's plans are based on the assumption that no further curtailment of exploration operations is warranted due to COVID-19 or any other circumstances. The planned exploration activities over the next 12 months represent the Company's originally anticipated pace of development. However, certain COVID-19 - related risks could delay or slow the implementation of the planned exploration program resulting in additional costs for the Company to achieve its business objectives. The extent to which COVID-19 may impact the Company's business activities will depend on

future developments, such as the ultimate geographic spread of the disease, the duration of the outbreak, travel restrictions, business disruptions, and the effectiveness of actions taken in Canada, Ecuador and other countries to contain and treat the disease. As these events are highly uncertain, the Company cannot determine their potential impact on operations at this time. The COVID-19 pandemic may negatively impact the Company's business through disruption of the exploration program which would influence the amount and timing of planned expenditure. For example, prolonged disruptions in the supply of services relied on by the Company to conduct its exploration activities at the Lost Cities – Cutucú Project due to worsening economic conditions affecting such service suppliers, or resulting from government regulation, including restrictions on travel and new or continued limitation on permitted field work, may adversely impact the Company's business. See "*Summary Description of Business – Recent Developments*" and "*Risk Factors - Novel Coronavirus ("COVID-19")*"

If the Warrants are exercised, the Company intends to use the proceeds of such exercise to further fund exploration, corporate development expenditures and for general corporate purposes. However, there can be no assurance that all or any of the Warrants will be exercised prior to their expiry.

The Company currently has a negative operating cash flow, which may continue for the foreseeable future. During the fiscal year ended December 31, 2019, the Company had negative cash flow from operating activities. The Company anticipates it will continue to have negative cash flow from operating activities in future periods until commercial production is achieved at the Lost Cities – Cutucú Project.

## DESCRIPTION OF SECURITIES BEING DISTRIBUTED

### Units

Each Unit will be comprised of one Unit Share (being a Common Share forming a part of each Unit) and one-half of one Warrant that will entitle the holder to purchase one Warrant Share (being a Common Share issuable upon valid exercise of a Warrant) at a price of \$5.50 prior to 4:00 p.m. (Toronto time) on the date that is twenty-four (24) months from the Closing Date. The Units will separate into Unit Shares and Warrants immediately upon issue.

### Common Shares

Each Common Share entitles its holder to notice of, and to one vote at, all meetings of shareholders. Each Common Share carries an entitlement to receive dividends if, as and when declared by the board of directors of the Company. In the event of the liquidation, dissolution or winding-up of the Company, the assets available for distribution to shareholders will be distributed proportionately among the holders of Common Shares.

The authorized share capital of the Company consists of an unlimited number of Common Shares of which 41,253,179 Common Shares are issued and outstanding as of the date hereof.

### Warrants

The Warrants will be issued under, and be governed by, the terms of a warrant indenture (the "**Warrant Indenture**") to be entered into between the Company and TSX Trust Company (the "**Warrant Agent**"). The Company will appoint the principal transfer offices of the Warrant Agent in Toronto, Ontario as the location at which Warrants may be surrendered for exercise or transfer. The following summary of certain provisions of the Warrant Indenture contains the material attributes and characteristics of the Warrants but does not purport to be complete and is qualified in its entirety by reference to the provisions of the Warrant Indenture, which will be available on SEDAR.

Each Warrant will entitle the holder to purchase one Warrant Share at a price of \$5.50. The exercise price and the number of Warrant Shares issuable upon exercise are both subject to adjustment in certain circumstances as more fully described below. Warrants will be exercisable at any time prior to 4:00 p.m.

(Toronto time) on the date that is twenty-four (24) months from the Closing Date, after which time the Warrants will expire and become null and void.

The Warrant Indenture is expected provide for adjustment to the exercise price of the Warrants and/or to the number or kind of securities issuable upon the exercise of the Warrants upon the occurrence of certain events, including:

- (a) a subdivision of the Common Shares into a greater number of Common Shares or a consolidation of the Common Shares into a lesser number of Common Shares;
- (b) a reclassification of the Common Shares, a change of the Common Shares into other shares, securities or property or any other capital reorganization, an amalgamation, arrangement, merger, consolidation or other form of business combination of the Company with or into any other corporation resulting in any reclassification of the outstanding Common Shares or in any holders of the outstanding Common Shares receiving other shares, securities or property, or a sale, lease, exchange or transfer of all or substantially all of the assets of the Company to another corporation or entity; and
- (c) subject to certain exceptions, a distribution by the Company to all or substantially all the holders of the Common Shares (other than as a dividend paid in the ordinary course) of Common Shares or shares of any class (whether of the Company or any other corporation) other than Common Shares, rights, options or warrants, evidences of indebtedness, or cash, securities, or other property or assets.

The Warrant Indenture is also expected to provide for adjustment in the class and/or number of securities issuable upon the exercise of the Warrants and/or exercise price per security in the event of the following additional events:

- (a) a reclassification of the Common Shares;
- (b) a consolidation, amalgamation, plan of arrangement or merger of the Company with or into another entity (other than a consolidation, amalgamation, plan of arrangement or merger which does not result in any reclassification of the Common Shares or a change of the Common Shares into other shares); or
- (c) a transfer (other than to one of the Company's subsidiaries) of the undertaking or assets of the Company as an entirety or substantially as an entirety to another corporation or other entity.

No adjustment in the exercise price or the number of Warrant Shares purchasable upon the exercise of the Warrants will be required to be made unless the cumulative effect of such adjustment or adjustments would change the exercise price by at least one percent (1%) or the number of Common Shares purchasable upon exercise by at least one one-hundredth ( $1/100^{\text{th}}$ ) of a Common Share.

The Company also expects to covenant in the Warrant Indenture that, during the period in which the Warrants are exercisable, it will give notice to holders of Warrants of certain stated events, including events that would result in an adjustment to the exercise price for the Warrants or the number of Warrant Shares issuable upon exercise of the Warrants, at least fourteen (14) days prior to the record date or effective date, as the case may be, of such event.

No fractional Warrant Shares will be issuable upon the exercise of any Warrants, and no cash or other consideration will be paid in lieu of fractional shares. Holders of Warrants will not have any voting or preemptive rights or any other rights which a holder of Common Shares would have.

From time to time, the Company and the Warrant Agent, without the consent of or notice to the holders of Warrants, may amend or supplement the Warrant Indenture for certain purposes, including curing defects

or inconsistencies or making any change that does not adversely affect the rights of any holder of Warrants. Any amendment or supplement to the Warrant Indenture that adversely affects the interests of the holders of the Warrants may only be made by “extra ordinary resolution”, which is expected to be defined in the Warrant Indenture as a resolution either: (i) passed at a meeting of the holders of Warrants at which there are holders of Warrants present in person or represented by proxy representing at least 10% of the aggregate number of the then outstanding Warrants and passed by the affirmative vote of holders of Warrants representing not less than 66 2/3% of the aggregate number of all the then outstanding Warrants represented at the meeting and who voted on such resolution; or (ii) adopted by an instrument in writing signed by the holders of Warrants representing not less than 66 2/3% of the aggregate number of all the then outstanding Warrants.

The Warrants and the Warrant Shares have not been registered under the U.S. Securities Act or any U.S. state securities laws and the Warrants will not be exercisable by or on behalf of, or for the account or benefit of, a person in the United States or a U.S. person, nor will certificates representing the Warrant Shares issuable upon exercise of the Warrants be registered or delivered to an address in the United States, unless an exemption from registration under the U.S. Securities Act and any applicable U.S. state securities laws is available and the Company has received an opinion of counsel of recognized standing or other evidence to such effect in form and substance reasonably satisfactory to the Company.

**The foregoing summary of certain provisions of the Warrant Indenture does not purport to be complete and is qualified in its entirety by reference to the provisions of the Warrant Indenture, which will be filed by the Company on SEDAR following the closing of the Offering.**

#### PRIOR SALES

During the twelve (12) month period before the date of this short form prospectus, the Company has issued Common Shares and securities convertible into Common Shares as follows:

Date Issued	Number and Type of Security	Issue/Exercise Price
October 24, 2019	1,150,000 stock options	\$2.70
December 11, 2019	15,000 Common Shares	\$0.60
December 31, 2019 <sup>(1)</sup>	1,701,243 Common Shares	\$3.00
January 31, 2020 <sup>(2)</sup>	78,444 Common Shares	\$3.00
February 21, 2020	2,750 Common Shares	\$3.00
February 21, 2020	6,250 Common Shares	\$3.00
February 7, 2020	300,000 stock options	\$3.16
February 28, 2020	473,988 Common Shares	\$3.10
February 28, 2020	236,995 warrants	\$4.25
February 28, 2020	840 broker warrants	\$4.25
February 28, 2020	473,990 Common Shares	\$3.10
March 5, 2020	1,343,247 Common Shares	\$3.10
March 5, 2020	671,623 warrants	\$4.25
March 12, 2020	100,000 Common Shares	\$0.60
March 13, 2020	269,902 Common Shares	\$3.10
March 13, 2020	134,951 warrants	\$4.25
March 13, 2020 <sup>(3)</sup>	63,450 Common Shares	\$3.10
April 23, 2020	25,000 Common Shares	\$0.60
April 23, 2020	15,000 Common Shares	\$0.60
June 19, 2020 <sup>(4)</sup>	145,000 Common Shares	\$1.28
July 29, 2020	65,000 Common Shares	\$0.60
August 4, 2020	40,000 Common Shares	\$2.00
August 28, 2020	5,000 Common Shares	\$4.00
September 11, 2020	23,000 Common Shares	\$2.00

September 15, 2020	40,000 Common Shares	\$2.70
September 25, 2020	164,000 Common Shares	\$0.60
September 25, 2020	100,000 Common Shares	\$2.68

**Notes:**

- (1) Represents the Common Shares issued on exercise of aggregate 1,701,243 Common Share purchase warrants at the exercise price of \$3.00 per Common Share during the month of December, 2019.
- (2) Represents the Common Shares issued on exercise of aggregate 78,444 Common Share purchase warrants at the exercise price of \$3.00 per Common Share during the month of January, 2020.
- (3) Represents the Common Shares issued on exercise of aggregate 63,450 Common Share purchase warrants at the exercise price of \$3.00 per Common Share during the period of March 1, 2020 – March 13, 2020.
- (4) Represents the Common Shares issued on exercise of aggregate 145,000 stock options during the period of June 1, 2020 – June 19, 2020 at the volume weighted average price of \$1.28 per Common Share.

### TRADING PRICE AND VOLUME

The following table sets forth the high and low closing prices and the aggregate volume of trading of our Common Shares on the TSX-V and alternative exchanges during the twelve (12) month period before the date of this short form prospectus:

Month	High	Low	Avg. Daily Volume
October 1 - 21, 2020	4.56	\$4.33	65,786
September 2020	5.48	3.92	46,199
August 2020	3.05	2.59	23,333
July 2020	3.90	2.92	49,445
June 2020	3.01	2.54	19,807
May 2020	3.34	2.65	23,675
April 2020	2.55	1.86	22,128
March 2020	3.17	1.68	47,097
February 2020	3.46	2.46	32,133
January 2020	4.30	3.15	53,952
December 2019	3.58	3.28	104,418
November 2019	3.45	2.45	26,690
October 2019	2.70	2.18	18,800
September 2019	2.83	2.50	14,100

On September 29, 2020, the last trading day prior to the date of the announcement of the Offering, the closing price of the Common Shares on the TSX-V was \$5.40 per Common Share. On October 21, 2020, the last trading day prior to the date of this short form prospectus, the closing price of the Common Shares on the TSX-V was \$4.50 per Common Share.

### PLAN OF DISTRIBUTION

Pursuant to an underwriting agreement dated October 1, 2020 (the “**Underwriting Agreement**”) among the Company and the Underwriters, the Company has agreed to sell, and the Underwriters have agreed severally, and not jointly nor jointly and severally, to purchase, as principals, on the Closing Date, an aggregate of 2,330,000 Units at the Offering Price for aggregate gross proceeds of \$10,019,000 payable in cash to the Company against delivery of the Units. The Offering Price was determined by negotiation among the Company and CFCC, on its own behalf and on behalf of the Underwriters. The Offering will not close on aggregate gross proceeds of less than \$10,019,000.

Each Unit will consist of one Unit Share and one-half of one Warrant. Each Warrant will entitle the holder thereof to acquire, subject to adjustment in accordance with the Warrant Indenture, one Warrant Share at an exercise price of \$5.50 per Warrant Share at any time prior to 4:00 p.m. (Toronto time) on the date that

is twenty-four (24) months from the Closing Date. The Warrants will be created and issued pursuant to the terms of the Warrant Indenture to be dated as of the Closing Date between the Company and the Warrant Agent. The Warrant Indenture will contain provisions designed to protect holders of the Warrants against dilution upon the happening of certain events. No fractional Warrants will be issued.

Pursuant to the Underwriting Agreement, the Company has granted to the Underwriters the Over-Allotment Option, exercisable in whole or in part, at any time and from time to time, in the sole discretion of the Underwriters, for a period of 30 days from the Closing Date, to purchase up to an additional amount of Units equal to up to 15% of the Units sold pursuant to the Offering, being 349,500 Additional Units, at the Offering Price, to cover over-allotments, if any, and for market stabilization purposes. The Over-Allotment Option is exercisable by the Underwriters in respect of: (1) Additional Units at the Offering Price; or (2) Additional Shares at a price of \$4.25 per Additional Share; or (3) Additional Warrants at a price of \$0.10 per Additional Warrant; or (4) any combination of the Additional Securities, so long as the aggregate number of Additional Shares and Additional Warrants which may be issued under the Over-Allotment Option does not exceed 349,500 Additional Shares and 174,750 Additional Warrants. The grant of the Over-Allotment Option and the Additional Securities issuable upon exercise of the Over-Allotment Option are hereby qualified for distribution under this short form prospectus. A purchaser who acquires Additional Securities issuable on the exercise of the Over-Allotment Option acquires such Additional Securities under this short form prospectus regardless of whether the over-allotment position is ultimately filled through the exercise of the Over-Allotment Option or through secondary market purchases. If the Over-Allotment Option is exercised in full, the aggregate gross proceeds, Underwriters' Fee and net proceeds to the Company (before payment of the expenses of the Offering) will be approximately \$11,521,850, \$691,311 and \$10,830,539, respectively.

Subject to applicable law, the Underwriters may, with the consent of the Company, offer to sell the Units outside of Canada, in each case in accordance with applicable laws provided that no prospectus, registration statement or similar document is required to be filed in any such jurisdiction.

The Units, the Unit Shares and the Warrants comprising the Units, and the Warrant Shares issuable upon exercise of the Warrants, have not been and will not be registered under the U.S. Securities Act or any U.S. state securities laws, and the Units, the Unit Shares and the Warrants may not be offered, sold or delivered, directly or indirectly, to, or for the account or benefit of, persons in the United States or U.S. Persons, except in transactions exempt from the registration requirements of the U.S. Securities Act and applicable U.S. state securities laws. The Underwriters have agreed that, except as permitted by the Underwriting Agreement and as expressly permitted by applicable United States federal and U.S. state securities laws, they will not offer or sell any of the Units, the Unit Shares or the Warrants to, or for the account or benefit of, persons in the United States or U.S. Persons. The Underwriting Agreement permits the Underwriters to offer the Units, the Unit Shares and the Warrants outside the United States to non-U.S. Persons in compliance with Regulation S under the U.S. Securities Act. The Underwriting Agreement also permits the Underwriters, through U.S. registered broker-dealers, to offer and resell the Units, the Unit Shares and the Warrants to, or for the account or benefit of, persons in the United States and U.S. Persons where such persons are "qualified institutional buyers", as such term is defined in Rule 144A under the U.S. Securities Act ("**Rule 144A**"), in compliance with Rule 144A and applicable U.S. state securities laws. The Underwriting Agreement also permits the Underwriters, through U.S. registered broker-dealers, to offer the Units, the Unit Shares and the Warrants to, or for the account or benefit of, persons in the United States and U.S. Persons to whom the Company will sell such securities directly where such persons are "accredited investors", as such term is defined in Rule 501(a) of Regulation D under the U.S. Securities Act, in compliance with Rule 506(b) of Regulation D under the U.S. Securities Act and applicable U.S. state securities laws. This Prospectus does not constitute an offer to sell, or a solicitation of an offer to buy, any of the Units, the Unit Shares or the Warrants to, or for the account or benefit of, persons in the United States or U.S. Persons. In addition, until 40 days after the commencement of the Offering, an offer or sale of such securities within the United States by a dealer (whether or not participating in the Offering) may violate the registration requirements of the U.S. Securities Act, unless such offer or sale is made pursuant to an exemption from registration under the U.S. Securities Act.

The Warrants will not be exercisable by, or on behalf of, a person in the United States or a U.S. Person, nor will certificates representing the Warrant Shares issuable upon exercise of the Warrants be registered or delivered to an address in the United States, unless an exemption from the registration requirements of the U.S. Securities Act and any applicable U.S. state securities laws is available and the Company has received an opinion of counsel of recognized standing to such effect in form and substance satisfactory to the Company; provided, however, that a holder who purchased Units in the Offering to, or for the account or benefit of, persons in the United States or U.S. Persons will not be required to deliver an opinion of counsel in connection with the exercise of Warrants that are a part of those Units.

The Unit Shares, the Warrants and the Warrant Shares issuable upon exercise of the Warrants issued to, or for the account or benefit of, persons in the United States or U.S. Persons will be “restricted securities” within the meaning of Rule 144(a)(3) under the U.S. Securities Act. Any certificates representing any securities that are offered, sold or issued to, or for the account or benefit of, persons in the United States or U.S. Persons will bear a legend to the effect that the securities represented thereby are not registered under the U.S. Securities Act or any applicable U.S. state securities laws and may only be offered, sold, pledged or otherwise transferred pursuant to certain exemptions from the registration requirements of the U.S. Securities Act and any applicable U.S. state securities laws.

Terms used and not otherwise defined in the three preceding paragraphs shall have the meanings ascribed to them by Regulation S under the U.S. Securities Act.

The TSX-V has conditionally approved the listing of the Unit Shares and the Warrants to be distributed under this short form prospectus on the TSX-V, as well as the Warrant Shares issuable upon exercise of the Warrants. Listing will be subject to the Company fulfilling all of the listing requirements of the TSX-V within 30 days of the closing of the Offering.

Pursuant to the Underwriting Agreement, the Company has agreed to pay to the Underwriters the Underwriters’ Fee which will be equal to 6% of the gross proceeds from the issue and sale of the Units and the Additional Units, if any, and Broker Warrants entitling the Underwriters to acquire a number of Units equal to 6% of the number of Units sold under the Offering, including any Additional Units sold pursuant to the exercise of the Over-Allotment Option, in consideration of the services rendered to the Company in connection with the Offering. Each Broker Warrant shall entitle the Underwriters to purchase one Unit at the Offering Price at any time on or before the date which is twenty-four (24) months after the Closing Date. The Company has also agreed to reimburse the Underwriters for their out-of-pocket fees and expenses, including the fees and expenses of their legal counsel, whether or not the Offering is completed. All amounts payable to the Underwriters will be paid from the proceeds of the Offering.

The Company has agreed not to, directly or indirectly, sell, or announce its intention to sell, nor authorize or issue, or announce its intention to authorize or issue, any Common Shares or securities or other financial instruments convertible or exchangeable for or exercisable into Common Shares, or publicly announce an intention to effect any such a transaction (except in conjunction with: (1) the issuance of Units in connection with the Offering and the issuance of Additional Securities pursuant to the Over-Allotment Option; (2) the grant or exercise of stock options and other similar issuances pursuant to the stock option plan of the Company and other share compensation arrangements; (3) the exercise of outstanding warrants, convertible securities or other existing contractual rights; or (4) the issuance of securities in connection with a *bona fide* acquisition by the Company), in each case for a period starting on the Closing Date and ending on the date that is ninety (90) days from the Closing Date without the prior written consent of the Underwriters, such consent not to be unreasonably withheld, conditioned or delayed.

Pursuant to rules and policy statements of certain Canadian securities regulatory authorities, the Underwriters may not, throughout the period of distribution under the Offering, bid for or purchase Common Shares for their own accounts or for accounts over which they exercise control or direction. The foregoing restriction is subject to certain exceptions, on the condition that the bid or purchase not be engaged in for the purpose of creating actual or apparent active trading in or raising the price of the Common Shares. Such exceptions include a bid or purchase permitted under Universal Market Integrity

Rules for Canadian Marketplaces of the Investment Industry Regulatory Organization of Canada relating to market stabilization and passive market making activities, and a bid or purchase made for or on behalf of a customer where the order was not solicited during the period of distribution. Subject to applicable laws and in connection with the Offering, the Underwriters may over-allot and effect transactions which stabilize or maintain the market price of the Common Shares at levels other than those which otherwise might prevail on the open market, including: stabilizing transactions; short sales; purchases to cover positions created by short sales; imposition of penalty bids; and syndicate covering transactions. Stabilizing transactions consist of bids or purchases made for the purpose of preventing or retarding a decline in the market price of the Common Shares while the Offering is in progress. These transactions may also include making short sales of Common Shares, which involve the sale by the Underwriters of a greater number of Common Shares than they are required to purchase in the Offering. Short sales may be "covered short sales", which are short positions in an amount not greater than the Over-Allotment Option. Such transactions, if commenced, may be discontinued at any time.

The Underwriters may close out any covered short position either by exercising the Over-Allotment Option, in whole or in part, or by purchasing Common Shares and/or, in the event such securities are listed on the TSX-V, Warrants in the open market. In making this determination, the Underwriters will consider, among other things, the price of the Common Shares and, in the event such securities are listed on the TSX-V, Warrants available for purchase in the open market compared to the price at which they may purchase Additional Securities through the exercise of the Over-Allotment Option.

The obligations of the Underwriters under the Underwriting Agreement are several and not joint, nor joint and several, and may be terminated upon the occurrence of certain stated events, including, but not limited to, the following: (a) there should be discovered any material fact which existed as of the date hereof but which has not been publicly disclosed which, in the opinion of any of the Underwriters, acting reasonably, has or would be expected to have a significant adverse effect on the market price or value of the Common Shares; (b) there is, in the opinion of any of the Underwriters, acting reasonably, a material change or a change in any material fact or new material fact shall arise which would be expected to have a significant adverse effect on the business, affairs, operations or profitability of the Company and/or its subsidiaries or on the market price or the value of the Common Shares; (c) there should develop, occur or come into effect any event of any nature, including, without limitation, an act of terrorism, accident, or new or change in governmental law or regulation or other condition or financial occurrence of national or international consequence, including by way of COVID-19 to the extent that there are material adverse developments related thereto after September 28, 2020, which, in the opinion of any of the Underwriters, acting reasonably, seriously adversely affects or involves, or would seriously adversely affect and involve, the financial markets in Canada or in the U.S. or the business, affairs, operations or profitability of the Company or its subsidiaries (taken as a whole) or the market price or value of the Common Shares; (d) any inquiry, action, suit, proceeding or investigation (whether formal or informal) including, without limitation, matters of regulatory transgression or unlawful conduct, is commenced, announced or threatened in relation to the Company, its subsidiaries or any of their respective officers or directors, which, in the opinion of any of the Underwriters, acting reasonably, operates to prevent or materially restrict the distribution or trading of the Common Shares or which has or would be expected to have a material adverse effect on the market price or value of the Common Shares; (e) any order to cease trading in securities of the Company is made or threatened by a securities regulatory authority; (f) the state of the financial markets in Canada or elsewhere where it is marketed profitably; or (g) the Company is in breach of any material term, condition or covenant of the Underwriting Agreement or any material representation or warranty given by the Company in the Underwriting Agreement becomes or is false.

The Company has agreed, pursuant to the Underwriting Agreement, to indemnify the Underwriters and their respective affiliates and each of their respective directors, officers, employees, affiliates and agents and each person, if any, who controls any Underwriter, and certain other related parties, harmless from and against certain losses, claims, suits, liabilities, costs, damages, or expenses, including liabilities under Canadian securities legislation in certain circumstances or to contribute to payments the Underwriters may have to make because of such liabilities.

The Underwriters propose to offer the Units initially at the Offering Price specified above. After a reasonable effort has been made to sell all the Units at the Offering Price, the Underwriters may subsequently reduce the selling price to investors from time to time in order to sell any of the Units remaining unsold. Any such reduction will not affect the proceeds received by the Company.

Subscriptions for the Units will be received subject to rejection or allotment in whole or in part and the right is reserved to close the subscription books at any time without notice. Other than pursuant to certain exceptions, the Units, and the Common Shares and Warrants underlying the Units, will be available for delivery in book-based form through CDS or its nominee and will be deposited with CDS on the Closing Date. A purchaser of Units will receive only a customer confirmation from the Underwriters or other registered dealer who is a CDS Participant through which the Units are purchased.

Pursuant to the Underwriting Agreement, the Company has also agreed that it will use commercially reasonable best efforts to cause each of its directors and officers to enter into lock-up agreements in a form satisfactory to the Company and the Underwriter, each acting reasonably, to be executed concurrently with the Closing of the Offering, pursuant to which each such person agrees, among other things, to not, for a period of 90 days from the Closing Date, without the prior written consent of the Underwriter, such consent not to be unreasonably withheld, directly or indirectly, offer, sell, contract to offer or sell, transfer, assign, grant or sell any option or warrant to purchase, lend, hypothecate, secure, pledge or otherwise transfer or dispose of any securities of the Company or any financial instruments convertible into, exercisable or exchangeable for, or that represent the right to receive, securities of the Company, whether through the facilities of a stock exchange, by private placement or otherwise, or make any short sale of, engage in any hedging transaction with respect to, or enter into any swap, forward or other transaction or arrangement that transfers all or a portion of the economic consequences associated with the ownership of such securities (regardless of whether any such transaction or arrangement is to be settled by the delivery of securities of the Company, securities of another person, cash or otherwise), agree to do any of the foregoing or publicly announce any intention to do any of the foregoing, subject to certain exceptions to be negotiated by the Company and the Underwriter.

### **Book-Based System**

Subscriptions for the Units will be received subject to rejection or allotment in whole or in part and the Underwriters reserve the right to close the subscription books at any time without prior notice. Closing is expected to take place on October 14, 2020, or such later date as may be agreed upon by the Company and the Underwriters. The Offering will be conducted under the book-based system. A subscriber who purchases Units will receive a customer confirmation from the registered dealer from or through whom Units are purchased and who is a CDS depository service participant. CDS will record the CDS participants who hold Units on behalf of owners who have purchased Units in accordance with the book-based system. No certificates evidencing the Units are expected to be issued, except in certain limited circumstances, and registration will be made in the name of the nominee of CDS.

### ***Notice to Certain Prospective Investors Outside of North America***

#### *European Economic Area*

This Prospectus has been prepared on the basis that all offers of the Units, if any, will be made in any member state (a “**Member State**”) of the European Economic Area pursuant to an exemption under Article 1(4) of Regulation (EU) 2017/1129 of the European Parliament and of the Council of 14 June 2017 on the prospectus to be published when securities are offered to the public or admitted to trading on a regulated market, and repealing Directive 2003/71/EC (the “**Prospectus Regulation**”), from the requirement to produce a prospectus for offers of the Units. Accordingly, any person making or intending to make any offer within any Member State of the Units should only do so in circumstances in which no obligation arises for the Company or any of the Underwriters to produce a prospectus for such offer. Neither we nor any Underwriter has authorized, nor do we or they authorize, the making of any offer of the Units through any financial intermediary, other than offers made by the Underwriters, which constitute the final placement of the Units contemplated in this Prospectus.

Each Underwriter has represented and agreed, and each further Underwriter appointed under the Offering will be required to represent and agree, that it has not made and will not make an offer of any Units to the public in any Member State, except that it may make an offer of such Units to the public in that Member State:

- (a) at any time to any legal entity that is a qualified investor as defined in Article 2(e) of the Prospectus Regulation (a “**Qualified Investor**”);
- (b) at any time to fewer than 150 natural or legal persons (other than qualified investors as defined in the Prospectus Regulation), as permitted under the Prospectus Regulation; or
- (c) at any time in any other circumstances falling within Article 1(4) of the Prospectus Regulation,

*provided* that no such offer of Units shall result in a requirement for the publication by the Company or any Underwriter of a prospectus pursuant to Article 3(1) of the Prospectus Regulation.

For the purposes of this provision, the expression an “offer of Units to the public” in relation to any Units in any Member State means the communication in any form and by any means, presenting sufficient information on the terms of the offer and the Units so as to enable an investor to decide to purchase or subscribe for the Units. Each subscriber for the Units located in a Member State will be deemed to have represented, acknowledged and agreed that it is a Qualified Investor.

#### *United Kingdom*

This Prospectus is only being distributed to, and is only directed at, persons in the United Kingdom that are qualified investors (as defined in the Prospectus Directive) that are also (i) investment professionals falling within Article 19(5) of the Financial Services and Markets Act 2000 (Financial Promotion) Order 2005, as amended, referred to herein as the “Order”, and/or (ii) high net worth entities falling within Article 49(2)(a) to (d) of the Order and other persons to whom it may lawfully be communicated or caused to be communicated. Each such person is referred to herein as a “Relevant Person”.

This Prospectus and its contents are confidential and should not be distributed, published or reproduced (in whole or in part) or disclosed by recipients to any other persons in the United Kingdom. Any person in the United Kingdom that is not a Relevant Person should not act or rely on this document or any of its contents.

Any invitation or inducement to engage in investment activity within the meaning of Section 21 of the Financial Services and Markets Act 2000 (the “**FSMA**”) may only be communicated or caused to be communicated in connection with the issue or sale of the securities in circumstances in which Section 21(1) of the FSMA does not apply. All applicable provisions of the FSMA must be complied with in respect of anything done by any person in relation to the securities in, from or otherwise involving the United Kingdom.

#### *Hong Kong*

No securities have been offered or sold, and no securities may be offered or sold, in Hong Kong, by means of any document, other than to persons whose ordinary business is to buy or sell shares or debentures, whether as principal or agent; or to “professional investors” as defined in the Securities and Futures Ordinance (Cap. 571) of Hong Kong and any rules made under that Ordinance; or in other circumstances which do not result in the document being a “prospectus” as defined in the Companies Ordinance (Cap. 32) of Hong Kong or which do not constitute an offer to the public within the meaning of the Companies Ordinance (Cap.32) of Hong Kong. No document, invitation or advertisement relating to the securities has been issued or may be issued or may be in the possession of any person for the purpose of issue (in each case whether in Hong Kong or elsewhere), which is directed at, or the contents of which are likely to be accessed or read by, the public of Hong Kong (except if permitted under the securities laws of Hong Kong) other than with respect to securities which are or are intended to be

disposed of only to persons outside Hong Kong or only to “professional investors” as defined in the Securities and Futures Ordinance (Cap. 571) of Hong Kong and any rules made under that Ordinance.

This Prospectus has not been registered with the Registrar of Companies in Hong Kong. Accordingly, this Prospectus may not be issued, circulated or distributed in Hong Kong, and the securities may not be offered for subscription to members of the public in Hong Kong. Each person acquiring the securities will be required, and is deemed by the acquisition of the securities, to confirm that such person is aware of the restriction on offers of the securities described in this Prospectus and the relevant offering documents and that such person is not acquiring, and has not been offered any securities in circumstances that contravene any such restrictions.

#### *Japan*

The Offering has not been and will not be registered under the Financial Instruments and Exchange Law of Japan (Law No. 25 of 1948 of Japan, as amended), or FIEL, and an initial purchaser will not offer or sell any securities, directly or indirectly, in Japan or to, or for the benefit of, any resident of Japan (which term as used herein means, unless otherwise provided herein, any person resident in Japan, including any corporation or other entity organized under the laws of Japan), or to others for re-offering or resale, directly or indirectly, in Japan or to a resident of Japan, except pursuant to an exemption from the registration requirements of, and otherwise in compliance with, the FIEL and any other applicable laws, regulations and ministerial guidelines of Japan.

#### *Singapore*

This Prospectus has not been and will not be lodged or registered with the Monetary Authority of Singapore. Accordingly, this Prospectus and any other document or material in connection with the offer or sale, or the invitation for subscription or purchase of the securities may not be issued, circulated or distributed, nor may the securities be offered or sold, or be made the subject of an invitation for subscription or purchase, whether directly or indirectly, to the public or any member of the public in Singapore other than (i) to an institutional investor under Section 274 of the Securities and Futures Act, Chapter 289 of Singapore, or the SFA, (ii) to a relevant person as defined under Section 275(2), or any person pursuant to Section 275(1A) of the SFA, and in accordance with the conditions, specified in Section 275 of the SFA, or (iii) otherwise pursuant to, and in accordance with the conditions of any other applicable provision of the SFA.

Where the securities are subscribed or purchased under Section 275 of the SFA by a relevant person which is:

- a corporation (which is not an accredited investor as defined under Section 4A of the SFA) the sole business of which is to hold investments and the entire share capital of which is owned by one or more individuals, each of whom is an accredited investor; or
- a trust (where the trustee is not an accredited investor) whose sole purpose is to hold investments and each beneficiary is an accredited investor,

shares, debentures and units of shares and debentures of that corporation or the beneficiaries' rights and interest in that trust shall not be transferable for six months after that corporation or that trust has acquired the Units under Section 275 of the SFA except:

- to an institutional investor under Section 274 of the SFA or to a relevant person defined in Section 275(2) of the SFA, or to any person pursuant to an offer that is made on terms that such shares, debentures and units of shares and debentures of that corporation or such rights and interest in that trust are acquired at a consideration of not less than \$200,000 (or its equivalent in a foreign currency) for each transaction, whether such amount is to be paid for in cash or by exchange of securities or other assets, and further for corporations, in accordance with the conditions, specified in Section 275 of the SFA;

- where no consideration is given for the transfer; or
- where the transfer is by operation of law.

### ELIGIBILITY FOR INVESTMENT

In the opinion of Peterson McVicar LLP, counsel to the Company, and Bennett Jones LLP, counsel to the Underwriters, based on the provisions of the *Income Tax Act* (Canada) (the “**Tax Act**”) and the regulations thereunder in force on the date of this short form prospectus, and subject to the provisions of any particular plan, the Unit Shares, Warrants and Warrant Shares will, on the Closing Date, be a qualified investment for a trust governed by a registered retirement savings plan (“**RRSP**”), registered education savings plan (“**RESP**”), registered retirement income fund (“**RRIF**”), deferred profit sharing plan, registered disability savings plan (“**RDSP**”) or tax-free savings account (a “**TFSA**”) (each, a “**Registered Plan**”), provided that at such time:

- (a) in the case of the Unit Shares and Warrant Shares, such shares are listed on a “designated stock exchange” within the meaning of the Tax Act (which on the date hereof includes Tiers 1 and 2 of the TSX-V); and
- (b) in the case of the Warrants, (i) the Warrant Shares are listed on a “designated stock exchange” within the meaning of the Tax Act (which on the date hereof includes Tiers 1 and 2 of the TSX-V), and (ii) the Company is not an annuitant, a beneficiary, an employer or a subscriber under or a holder of the particular Registered Plan and deals at arm’s length with each person who is an annuitant, a beneficiary, an employer or a subscriber under or a holder of such Registered Plan.

Notwithstanding that the Unit Shares, Warrants and Warrant Shares may be a qualified investment for a trust governed by an RRSP, RRIF, RESP, RDSP or a TFSA, the annuitant under an RRSP or RRIF, the subscriber under a RESP or the holder of a TFSA or RDSP, as the case may be, will be subject to a penalty tax if the securities are a “prohibited investment” within the meaning of the Tax Act for the RRSP, RRIF RESP, RDSP or TFSA. The Unit Shares, Warrants and Warrant Shares will generally not be a “prohibited investment” for a trust governed by an RRSP, RRIF RESP, RDSP or TFSA provided the holder of the TFSA or RDSP, the subscriber under a RESP or annuitant of the RRSP or RRIF, as the case may be: (i) deals at arm’s length with the Company for the purposes of the Tax Act; and (ii) does not have a “significant interest” (as defined in subsection 207.01(4) of the Tax Act) in the Company. In addition, the Unit Shares and Warrant Shares will generally not be a prohibited investment if such securities are “excluded property” (as defined in subsection 207.01(1) of the Tax Act) for trusts governed by an RRSP, RRIF RESP, RDSP or TFSA. **Prospective purchasers who intend to hold Unit Shares, Warrants or Warrant Shares in a Registered Plan should consult their own tax advisors regarding their particular circumstances.**

### CERTAIN CANADIAN FEDERAL INCOME TAX CONSIDERATIONS

The following is, as of the date of this short form prospectus, a summary of the principal Canadian federal income tax considerations generally applicable to an investor who acquires Units pursuant to the Offering. For purposes of this summary, references to Common Shares include Unit Shares and Warrant Shares unless otherwise indicated. This summary applies only to a purchaser who is a beneficial owner of Common Shares and Warrants acquired pursuant to this Offering and who, for the purposes of the Tax Act, and at all relevant times: (i) deals at arm’s length with the Company and the Underwriters, (ii) is not affiliated with the Company or the Underwriters; and (iii) holds the Common Shares and Warrants as capital property (a “**Holder**”).

Common Shares and Warrants will generally be considered to be capital property to a Holder unless they are held in the course of carrying on a business of trading or dealing in securities or were acquired in one or more transactions considered to be an adventure or concern in the nature of trade.

This summary is not applicable to a Holder: (i) that is a “financial institution” within the meaning of section 142.2 of the Tax Act; (ii) that is a “specified financial institution” as defined in the Tax Act; (iii) that has

made a “functional currency” reporting election under section 261 of the Tax Act; (iv) an interest in which is, or for whom a Common Share or Warrant would be, a “tax shelter investment” for the purposes of the Tax Act; (v) in respect of which the Company is a “foreign affiliate” for the purpose of the Tax Act; or (vi) that has entered into a “derivative forward agreement” or a “synthetic disposition arrangement”, as defined in the Tax Act, in respect of Common Shares or Warrants. Such Holders should consult their own tax advisor.

Additional considerations, not discussed herein, may be applicable to a Holder that is a corporation resident in Canada, and is, or becomes as part of a transaction or event or series of transactions or events that includes the acquisition of the Common Shares, controlled by a non-resident person or group of non-resident persons not dealing with each other at arm’s length for purposes of the “foreign affiliate dumping” rules in section 212.3 of the Tax Act. Such Holders should consult their tax advisors with respect to the consequences of acquiring Common Shares.

In addition, this summary does not address the deductibility of interest by a purchaser who has borrowed money to acquire Units pursuant to the Offering or to exercise Warrants to acquire Warrant Shares.

This summary assumes that the Company is, and at all relevant times will be, a non-resident of Canada for the purposes of the Tax Act. If the Company is (or becomes) a resident of Canada for the purposes of the Tax Act, the Canadian federal income tax consequences to a Holder may be materially different from those described in this summary. See *“Risk Factors – Implications of becoming resident in Canada for Canadian income tax purposes, in which case the Canadian income tax consequences to the Company and its shareholders would be materially different.”*

This summary is based upon: (i) the current provisions of the Tax Act and the regulations thereunder (“**Regulations**”) in force as of the date hereof; (ii) all specific proposals (“**Proposed Amendments**”) to amend the Tax Act or the Regulations that have been publicly announced by, or on behalf of, the Minister of Finance (Canada) prior to the date hereof; and (iii) counsel’s understanding of the current published administrative policies and assessing practices of the Canada Revenue Agency (“**CRA**”). No assurance can be given that the Proposed Amendments will be enacted or otherwise implemented in their current form, if at all. If the Proposed Amendments are not enacted or otherwise implemented as presently proposed, the tax consequences may not be as described below in all cases. This summary does not otherwise take into account or anticipate any changes in law, administrative policy or assessing practice, whether by legislative, regulatory, administrative, governmental or judicial decision or action, nor does it take into account the tax laws of any province or territory of Canada or of any jurisdiction outside of Canada.

**This summary is of a general nature only, is not exhaustive of all possible Canadian federal income tax considerations and is not intended to be, nor should it be construed to be, legal or tax advice to any particular Holder. Accordingly, Holders should consult their own tax advisors with respect to their particular circumstances.**

### **Allocation of Cost**

A Holder who acquires Units pursuant to this Offering will be required to allocate the purchase price paid for each Unit on a reasonable basis between the Unit Share and the one-half Warrant comprising each Unit in order to determine their respective costs to such Holder for the purposes of the Tax Act.

For its purposes, the Company has advised counsel that, of the \$4.30 subscription price for each Unit, it intends to allocate \$4.25 to each Common Share and \$0.05 to each one-half Warrant and believes that such allocation is reasonable. The Company’s allocation, however, is not binding on the CRA or on a Holder. Holders should consult their own tax advisors in this regard.

The adjusted cost base to a Holder of each Unit Share comprising a part of a Unit acquired pursuant to this Offering will be determined by averaging the cost of such Unit Share with the adjusted cost base to such Holder of all other Common Shares (if any) held by the Holder as capital property immediately prior

to the acquisition.

### **Exercise of Warrants**

No gain or loss will be realized by a Holder of a Warrant upon the exercise of such Warrant. When a Warrant is exercised, the Holder's cost of the Warrant Share acquired thereby will be equal to the adjusted cost base of the Warrant to such Holder, plus the amount paid on the exercise of the Warrant. For the purpose of computing the adjusted cost base to a Holder of each Warrant Share acquired on the exercise of a Warrant, the cost of such Warrant Share must be averaged with the adjusted cost base to such Holder of all other Common Shares (if any) held by the Holder as capital property immediately prior to the exercise of the Warrant.

### **Holders Resident in Canada**

This section of the summary applies to a Holder who, at all relevant times, is, or is deemed to be, resident in Canada for the purposes of the Tax Act (a "**Resident Holder**").

#### Dividends

Dividends received or deemed to be received by a Holder on its Common Shares will be included in computing the Holder's income for the taxation year in which they are received. In the case of a Holder that is an individual (including a trust), such dividends will not be subject to the gross-up and dividend tax credit rules that apply to taxable dividends received from taxable Canadian corporations (as defined in the Tax Act). In the case of a Holder that is a corporation, such dividends will not be eligible for the deduction that is generally available for taxable dividends received from taxable Canadian corporations.

#### Dispositions of Common Shares and Warrants

A Resident Holder who disposes of or is deemed to have disposed of a Common Share or Warrant (other than on the exercise of a Warrant) will generally realize a capital gain (or capital loss) in the taxation year of the disposition equal to the amount by which the proceeds of disposition, net of any reasonable costs of disposition, are greater (or are less) than the adjusted cost base to the Resident Holder of the Common Share or Warrant, as applicable, immediately before the disposition or deemed disposition. Generally, the expiry of an unexercised Warrant will give rise to a capital loss equal to the adjusted cost base to the Resident Holder of such expired Warrant.

#### Taxable Capital Gains and Losses

A Resident Holder will generally be required to include in computing its income for the taxation year of disposition, one-half of the amount of any capital gain (a "**taxable capital gain**") realized in such year. Subject to and in accordance with the provisions of the Tax Act, a Resident Holder will be required to deduct one-half of the amount of any capital loss (an "**allowable capital loss**") against taxable capital gains realized in the taxation year of disposition. Allowable capital losses in excess of taxable capital gains for the taxation year of disposition may be carried back and deducted in any of the three preceding taxation years or carried forward and deducted in any subsequent taxation year against net taxable capital gains realized in such years, to the extent and under the circumstances specified in the Tax Act.

#### Foreign Property Information Reporting

A Holder that is a "specified Canadian entity" for a taxation year or a fiscal period and whose total "cost amount" of "specified foreign property" (as such terms are defined in the Tax Act) at any time in the year or fiscal period exceeds \$100,000 will be required to file an information return for the year or period disclosing prescribed information in respect of such property. Subject to certain exceptions, a taxpayer that is resident in Canada during a taxation year will generally be a specified Canadian entity and a share or a warrant to acquire a share of a corporation that is not resident in Canada (for the purposes of the Tax

Act) will generally be a specified foreign property.

The foreign reporting rules in the Tax Act are complex and this summary does not purport to explain all circumstances in which reporting may be required. **Holders should consult their own tax advisors regarding whether they must comply with these reporting requirements.**

#### Other Income Taxes

A Resident Holder that is throughout the relevant taxation year a “Canadian-controlled private corporation” (as defined in the Tax Act) may be liable to pay a refundable tax on its “aggregate investment income” (as defined in the Tax Act) for the year, including dividends and taxable capital gains.

In general terms, a Resident Holder who is an individual (other than certain trusts) that receives or is deemed to have received taxable dividends on the Common Shares or realizes a capital gain on the disposition or deemed disposition of Common Shares or Warrants may be liable for minimum tax under the Tax Act. Resident Holders that are individuals should consult their own tax advisors in this regard.

#### **Holders Not Resident in Canada**

This portion of the summary is generally applicable to a Holder who, at all relevant times, for purposes of the Tax Act: (i) is not, and is not deemed to be, resident in Canada; and (ii) does not use or hold the Common Shares or Warrants in connection with carrying on a business in Canada (a “**Non-Resident Holder**”). This summary does not apply to a Holder that carries on, or is deemed to carry on, an insurance business in Canada and elsewhere or that is an “authorized foreign bank” (as defined in the Tax Act), and such Holders should consult their own tax advisors.

#### Dividends

Dividends paid or credited or deemed under the Tax Act to be paid or credited by the Company to a Non-Resident Holder on the Common Shares will not be subject to Canadian withholding tax.

#### Dispositions of Common Shares and Warrants

A Non-Resident Holder will not be subject to tax under the Tax Act in respect of any capital gain realized on a disposition or deemed disposition of a Common Share or Warrant unless the Common Share or Warrant (as applicable) is, or is deemed to be, “taxable Canadian property” of the Non-Resident Holder for the purposes of the Tax Act and the Non-Resident Holder is not entitled to an exemption under an applicable income tax convention between Canada and the country in which the Non-Resident Holder is resident.

Generally, a Common Share or Warrant (as applicable) will not constitute taxable Canadian property of a Non-Resident Holder provided that in the case of Common Shares, the Common Shares are listed on a “designated stock exchange” for the purposes of the Tax Act (which currently includes Tiers 1 and 2 of the TSX-V), and in the case of Warrants, the Warrant Shares are listed on a “designated stock exchange” for the purposes of the Tax Act, at the time of disposition of such Common Shares or Warrants (as applicable), unless at any time during the 60 month period immediately preceding the disposition, (i) at least 25% of the issued shares of any class or series of the capital stock of the Company were owned by or belonged to any combination of (a) the Non-Resident Holder, (b) persons with whom the Non-Resident Holder did not deal at arm’s length, and (c) partnerships in which the Non-Resident Holder or a person described in (b) holds a membership interest directly or indirectly through one or more partnerships; and (ii) at such time, more than 50% of the fair market value of the Common Shares was derived, directly or indirectly, from any combination of real or immovable property situated in Canada, “Canadian resource property” (as defined in the Tax Act), “timber resource property” (as defined in the Tax Act), or options in respect of, interests in, or for civil law rights in such properties, whether or not such property exists.

In cases where a Non-Resident Holder disposes (or is deemed to have disposed) of a Common Share or

Warrant that is taxable Canadian property to that Non-Resident Holder, and the Non-Resident Holder is not entitled to an exemption under an applicable income tax convention, the consequences described above under the headings “*Holders Resident in Canada — Dispositions of Common Shares and Warrants*” and “*— Taxable Capital Gains and Losses*” will generally be applicable to such disposition. Such Non-Resident Holders should consult their own tax advisors.

### **CERTAIN BERMUDA TAX CONSIDERATIONS**

Under present Bermuda law, there is no Bermuda income or profits tax or withholding tax, capital gains tax or capital transfer tax payable by the Company on its operations, nor is there any Bermuda tax in the nature of estate duty or inheritance tax applicable to shares, debentures or other obligations of the Company. The Company has received an assurance from the Minister of Finance of Bermuda under the Exempted Undertakings Tax Protection Act 1966 of Bermuda to the effect that, in the event of there being enacted in Bermuda any legislation imposing tax computed on profits or income or on any capital asset, gain or appreciation, or any tax in the nature of estate duty or inheritance tax, that tax shall not, until March 31, 2035, be imposed on the Company or on any of its operations, or on shares of the Company, debentures or other equivalent obligations of the Company, except insofar as they apply to any land in Bermuda leased or let to the Company.

The Company is also exempt from all stamp duties in Bermuda except on transactions involving “Bermuda property”, which relates essentially to real and personal property physically situated in Bermuda, including shares in local (as opposed to exempted) companies.

Although incorporated in Bermuda as an exempt company, the Company has been designated as non-resident in Bermuda for exchange control purposes by the Bermuda Monetary Authority. Since the Company has non-resident status, it may acquire, hold and sell any foreign currency (other than Bermuda dollars) without restriction.

#### **Shareholders**

No Bermuda stamp duty is payable on any transfer of shares in the Company. Under present Bermuda law, there is no Bermuda withholding tax on dividends or other distributions, nor is there any Bermuda tax in the nature of estate duty or inheritance tax applicable to the shares, debentures or other obligations of the Company held by non-residents of Bermuda. Furthermore, as stated in the preceding paragraph, the Company has received an assurance from the Minister of Finance of Bermuda under the Exempted Undertakings Tax Protection Act 1966 of Bermuda to the effect that no such Bermuda taxes shall be so applicable to the shareholders of the Company until, at the earliest, March 31, 2035, except for persons ordinarily resident in Bermuda.

### **CEASE TRADE ORDERS, BANKRUPTCIES, PENALTIES OR SANCTIONS**

Other than as disclosed herein, none of the Company’s Directors or officers is, as at the date of this Prospectus, or has been, within 10 years before the date of this Prospectus, a director, CEO or CFO of any Company (including the Company) that:

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

Other than as disclosed herein, none of the Company’s Directors or Officers (or any personal holding

company of any such individual) is, as of the date of this Prospectus, or has been within ten (10) years before the date of this Prospectus, a Director or executive officer of any company (including the Company) that, while such individual was acting in that capacity, or within a year of that person ceasing to act in that capacity, became bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency or was subject to or instituted any proceedings, arrangement or compromise with creditors or had a receiver, receiver manager or trustee appointed to hold its assets.

Mr. Jonathan Kagan, a director of the Company, was a director of Gump's Holdings LLC, a United States private retailer of home furnishings and jewelry which declared bankruptcy in August 2018. On August 1, 2020 a claim was registered with the United States Bankruptcy Court District Of Nevada, naming managers directors and officers of Gump's Holdings LLC, including Mr. Kagan (collectively the "**Gump Defendants**") as defendants. The plaintiff alleges that Gump Defendants failed to oversee internal controls and financial reporting of Gump's Holdings LLC which led to Gump's Holdings LLC's failure to meet its obligations under a certain credit facility with a lender which resulted in forfeiture of Gump's Holdings LLC's credit line with the lender and contributed to the bankruptcy of Gump's Holdings LLC in August 2018. According to the plaintiff's allegation, the failure of Gump Defendants to oversee internal controls and financial reporting which prevented the corporate directors of Gump's Holdings LLC from being fully informed of the status of obligations under the credit facility of the lender constitute a breach of fiduciary duty by the Gump Defendants and precludes the exclusion of liability under the Operating Agreement of Gump's Holdings LLC. The decision on whether the statement of claim will be accepted or whether claim will be dismissed is pending as at the date hereof. The amount of a successful claim or settlement, if any, may be covered by the insurers of Gump's Holdings LLC.

Ms. Leanne Baker, a director of the Company, was a director of Sutter Gold Mining Inc., a U.S. based exploration company which was listed on the TSX Venture Exchange. Sutter Gold Mining Inc. was placed in receivership by a secured lender in May 2019, trading of its common shares was halted on the TSX Venture Exchange and it was subsequently subject to a cease trade order issued by the British Columbia Securities Commission. Ms. Leanne Baker was also a director of Agnico Eagle Mines Limited ("**Agnico Eagle**") . On March 8, 2012 and April 10, 2012 a Notice of Action and Statement of Claim (collectively the "**Ontario Claim**") were issued against Agnico Eagle and certain of its then-current and former directors, including Ms. Baker. The plaintiffs alleged that Agnico Eagle's disclosure concerning water flow issues at the Agnico Eagle's Goldex Mine was misleading and sought damages of C\$250 million. On March 28, Agnico Eagle and some of its then-current and former directors were named as respondents in a motion for Leave to Initiate a Class Action Suite (the "**Quebec Motion**"). The proposed class action was seeking damages of C\$100 million resulting from allegedly misleading disclosure by Agnico Eagle in respect of its operations at the Goldex Mine. Both the Ontario Claim and the Quebec Motion were settled without admission of guilt for the aggregate C\$17 million pursuant to settlement approved by the Ontario and Quebec courts in February 2016. The amount of settlement was covered by the insurers of Agnico Eagle.

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

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

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

## **RISK FACTORS**

An investment in the Units involves a number of risks, including risks inherent in the industry in which the Company operates. In addition to the information set out below and the other information contained in this short form prospectus, including in the section entitled “*Cautionary Note Regarding Forward-Looking Information*”, prospective purchasers should carefully consider the risk factors related to our business and operations set out in our Annual Information Form and in the other documents incorporated by reference in this short form prospectus. Any one or more of such risk factors could have a material adverse effect on our business, results of operations and financial condition, causing prospective investors to lose all or part of their investment. The risks and uncertainties described below are not the only ones faced by the Company. Additional risks and uncertainties that the Company is not aware of or focused on, or currently deems to be immaterial, may also impair the Company’s business operations and cause the price of the Company’s Common Shares to decline.

### **Use of Proceeds**

The Company currently intends to use the net proceeds received from the Offering (including on any exercise of the Over-Allotment Option) as described under “*Use of Proceeds*”. However, the Company has broad discretion over the actual use of the net proceeds and may elect to allocate net proceeds differently from that described under “*Use of Proceeds*” if determined to be in the Company’s best interests to do so. Shareholders may not agree with the manner in which the Company chooses to allocate and spend the net proceeds. The failure by the Company to use the net proceeds effectively could have a material adverse effect on the Company’s business.

### **Dilution**

The Company may sell or issue additional Common Shares or other securities in the future to finance future activities, including its growth strategy. The Company cannot predict the size of future issuances of securities or the effect, if any, that future issuances and sales of securities will have on the market price of the Common Shares. Issuances of substantial numbers of Common Shares, or the perception that such issuances could occur, may adversely affect prevailing market prices of the Common Shares. With any additional issuance of Common Shares, investors will suffer dilution to their voting power and the Company may experience dilution in its earnings per share.

### **Loss of Entire Investment**

An investment in the Units is speculative and may result in the loss of an investor’s entire investment. Only potential investors who are experienced in high risk investments and who can afford to lose their entire investment should consider an investment in the Company.

### **The Common Shares and Warrants are Subject to Market Price Volatility**

The market price at which the Common Shares and Warrants will trade cannot be predicted. The market price of the Common Shares and Warrants may be adversely affected by a variety of factors relating to our business, including fluctuations in operating and financial results. In addition, the stock markets in general have recently experienced extreme volatility. This volatility may adversely affect the market price of the Common Shares and Warrants. The liquidity of the Common Shares and Warrants may also be impacted by general market volatility.

### **Investment Eligibility**

There can be no assurance that the Units will continue to be qualified investments under relevant Canadian tax laws for trusts governed by RRSPs, RRIFs, deferred profit sharing plans, RESPs, RDSPs and TFSAs. The Tax Act imposes penalties for the acquisition or holding of nonqualified or prohibited investments. See “*Eligibility for Investment*”.

## **No Market for the Warrants Currently Exists**

The Company will make an application to list the Warrants for trading on the TSX-V; however, there can be no assurance that the Warrants will be so listed. There is currently no market through which the Warrants can be sold and purchasers may not be able to resell such securities purchased under this Prospectus. This may affect the pricing of the Warrants in the secondary market, the transparency and availability of trading prices, the liquidity of such securities and the extent of issuer regulation.

## **Enforcement of Legal Rights**

The Company's material subsidiaries are organized under the laws of jurisdictions outside of Canada and certain of the Company's directors, management and personnel are located in foreign jurisdictions. Accordingly, investors may have difficulty in effecting service of process within Canada and collecting from or enforcing against the Company or its directors and officers, any judgments obtained through the Canadian courts or Canadian securities regulatory authorities and predicated on the civil liability provisions of Canadian securities legislation or other laws of Canada, even if such party has appointed an agent for service of process in Canada. Similarly, in the event a dispute arises from the Company's foreign operations, the Company may be subject to the exclusive jurisdiction of foreign courts or may not be successful in subjecting foreign persons to the jurisdictions of courts in Canada.

## **Instability in Ecuador**

The Corporation is subject to certain risks and possible political and economic instability specific to Ecuador, arising from political unrest, labour disputes, invalidation of government orders, permits or property rights, local legal proceedings and referendums seeking to suspend mining activities, unsupportive local and regional governments, risk of corruption, military repression, war, civil disturbances, criminal and terrorist acts, hostage taking, changes in laws, expropriation, nationalization, renegotiation or nullification of existing concessions, agreements, licenses or permits and changes to monetary or taxation policies. In September 2020, the Constitutional Court of Ecuador heard a request made by the Mayor of the Cuenca canton, located in the Azuay Province (the "Canton") in order for the Canton to hold a referendum on prohibiting future large and medium-scale mining projects in specific catchment basins for reservoirs used to supply water to Cuenca. None of the concessions comprising the Lost Cities – Cutucú Project are located in the Canton. In the event that the Canton obtains a favorable vote on the referendum that is expected to be conducted in the following months, then new mining concessions in the Canton would not be granted. In light of this decision, it is possible that other provincial governments could ask the Constitutional Court for authorization to hold referendums in these other jurisdictions which are subject to certain admissibility requirements of the Constitutional Court. The occurrence of any of these risks may adversely affect the mining industry and mineral exploration activities generally or the Corporation and, among impacts, could result in the impairment or loss of mineral concessions or other mineral rights. Exploration and general operations may also be affected to varying degrees by government regulations with respect to, but not limited to, restrictions on future exploitation and production, price controls, export controls, income taxes, labour and immigration, and by delays in obtaining or the inability to obtain necessary permits, opposition to mining from environmental and other non-governmental organizations, limitations on foreign ownership, expropriation of property, ownership of assets, environmental legislation, labour relations, limitations on repatriation of income and return of capital, high rates of inflation, increased financing costs and site safety. These factors may affect both Aurania's ability to undertake exploration in respect of future properties in the manner contemplated, as well as its ability to continue to explore and operate those properties in which it has an interest or in respect of which it has obtained exploration and development rights to date. Any shifts in political attitudes or changes in laws that may result in, among other things, significant changes to mining laws or any laws, regulations or policies are beyond the control of Aurania and may adversely affect its business. The Corporation faces the risk that governments may adopt substantially different policies, which might extend to the expropriation of assets or increased government participation in the mining sector. In addition, changes in resource development or investment policies, increases in taxation rates, higher mining fees and royalty payments, revocation or cancellation of mining concession rights or shifts in political attitudes in Ecuador may adversely affect Aurania's business.

## **Negative Operating Cash Flow**

The Company is an exploration stage company and has not generated cash flow from operations. The Company is devoting significant resources to the development and acquisition of its properties, however there can be no assurance that it will generate positive cash flow from operations in the future. The Company expects to continue to incur negative consolidated operating cash flow and losses until such time as it achieves commercial production at a particular project. The Company currently has negative cash flow from operating activities.

## **Novel Coronavirus (“COVID-19”)**

The Company’s operations could be significantly adversely affected by the effects of a widespread global outbreak of a contagious disease, including the recent outbreak of respiratory illness caused by COVID-19 that was designated as a pandemic by the World Health Organization on March 11, 2020. The international response to the spread of COVID-19 has led to significant restrictions on travel, temporary business closures, quarantines, global stock market volatility, and a general reduction in consumer activity. Such public health crises can result in operating, supply chain and project development delays and disruptions, global stock market and financial market volatility, declining trade and market sentiment, reduced movement of people and labour shortages, and travel and shipping disruption and shutdowns, including as a result of government regulation and prevention measures, or a fear of any of the foregoing, all of which could affect commodity prices, interest rates, credit risk and inflation. In addition, a significant outbreak of contagious diseases in the human population could result in a widespread health crisis that could adversely affect the economies and financial markets of many countries, resulting in an economic downturn that could further affect the Company’s operations and ability to finance its operations.

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

The COVID-19 pandemic continues to evolve rapidly and, as a result, it is difficult to accurately assess its continued magnitude, outcome and duration. The COVID-19 pandemic could: negatively impact levels of investment in exploration at the Company’s Lost Cities – Cutucú Project; lead to prolonged disruptions of critical services, including as a result of the bankruptcy/insolvency of one or more service suppliers due to worsening economic conditions; including as a result of prolonged unscheduled shutdowns of assaying laboratories and other facilities relied on by the Company for its exploration activities, prolonged disruptions in provision of airborne or other surveying services and government regulation including introduction of additional restrictions on filed work that may adversely impact the Company’s business.

COVID-19 may also represent a serious threat to the Company maintaining a skilled workforce and could be a healthcare challenge for the Company. There can be no assurance that the Company’s personnel will not be impacted by COVID-19 and ultimately the Company may see its workforce productivity reduced or incur increased medical costs/insurance premiums as a result of these health risks. Additional cybersecurity risks also exist due to personnel working remotely. In addition, the COVID-19 pandemic has created a dramatic slowdown in the global economy generally, which may negatively impact commodity prices and exploration costs. The duration of the COVID-19 outbreak and the resultant travel restrictions, social distancing, government response actions, business closures and business disruptions, can all have an impact on the Company’s operations and access to capital. There can be no assurance that the Company will not be impacted by adverse consequences that may be brought about by the COVID-19 pandemic on global financial markets which may reduce share prices and financial liquidity and thereby severely limit the capital available to the Company.

## **Tax Considerations**

**Implications of becoming resident in Canada for Canadian income tax purposes, in which case the Canadian income tax consequences to the Company and its shareholders would be materially**

**different.**

It is assumed that the Company will, at all times, not be resident in Canada for purposes of the Tax Act. The Company was incorporated in Bermuda, and it operates a corporate and administrative office in Canada which it does as a branch office as defined by the CRA. The majority of the directors and officers of the Company are not resident of Canada. Should a corporation change the residency of its “mind and management” to Canada it will generally be considered to be resident in Canada for Canadian federal income tax purposes, subject to relief under an applicable income tax treaty or convention. Canada does not have an income tax treaty with Bermuda. The Company is careful to ensure that its “mind and management” does not reside in Canada. If the Company were to become resident in Canada, then the Company would be subject to income tax in Canada on its worldwide income.

### **Book-Based System**

Unless and until certificated Unit Shares and Warrants are issued in exchange for book-entry interests in the Unit Shares and Warrants, owners of the book-entry interests will not be considered owners or holders of Unit Shares and Warrants. Instead, the depository or its nominee will be the sole holder of the Unit Shares and Warrants. Unlike holders of the Unit Shares and Warrants themselves, owners of book-based interests will not have the direct right to act upon the Company’s solicitations or requests or other actions from holders of the Unit Shares and Warrants. Instead, holders of beneficial interests in the Unit Shares and Warrants will be permitted to act only to the extent such holders have received appropriate proxies to do so from CDS or, if applicable, a CDS participant. There is no assurance that procedures implemented for the granting of such proxies will be sufficient to enable holders of beneficial interests in the Unit Shares and Warrants to vote on any requested actions on a timely basis. See “*Plan of Distribution – Book-Based System*”.

## **LEGAL MATTERS**

Certain legal matters relating to the Offering will be passed upon by Peterson McVicar LLP on behalf of the Company and Bennett Jones LLP on behalf of the Underwriters. As at the date of this short form prospectus, the partners and associates of each of Peterson McVicar LLP and Bennett Jones LLP who participated in or were in a position to directly influence the preparation of the opinions of their respective firms, each of the aforementioned partnerships (and their partners, associates and employees) beneficially own, directly or indirectly, less than one percent (1%) of the outstanding Common Shares and warrants, and such groups respectively each own less than one percent (1%) of the outstanding securities of any associate or affiliate of the Company.

## **PROMOTERS**

Dr. Barron, the Chairman, Chief Executive Officer, a director and principal shareholder of the Company, who through EcuSolidus, S.A., had the majority ownership of the Lost Cities – Cutucú Project prior to it being acquired by the Company, may be considered to be a “promoter” of the Company within the meaning of applicable securities legislation. Other than as disclosed in this Prospectus, the Annual Information Form and the Information Circular, there is nothing of value, including money, property, contracts, options or rights of any kind received or to be received by Dr. Barron directly or indirectly from the Company or any subsidiary nor any assets, services or other consideration received or to be received by the Company or any subsidiary in return. Except as disclosed in the Annual Information Form and the Information Circular, no asset has been acquired within the Company’s two most recently completed financial years or during the Company’s current financial year, or is to be acquired by the Company or any subsidiary, from Dr. Barron for valuable consideration.

To the Company’s knowledge, as of the date hereof, Dr. Barron beneficially holds, controls or directs, directly or indirectly through Bambazonke Holdings Ltd., a corporation controlled by Dr. Barron, 19,885,028 Common Shares, representing approximately, 48% of the issued and outstanding Common Shares on a non-diluted basis. For additional information on remuneration that Dr. Barron will receive in connection with his role as Chairman, Chief Executive Officer, and a director of the Company, see the

section entitled: “*Interest of Management and Others in Material Transactions*” in the Annual Information Form, a copy of which is available on the Company’s profile on SEDAR at [www.sedar.com](http://www.sedar.com).

### **INTEREST OF EXPERTS**

The Company retained Watts, Griffis and McOuat Limited (“**WGM**”) to complete an independent National Instrument 43-101 – *Standards of Disclosure for Mineral Projects* (“**NI 43-101**”) Technical Report for the Lost Cities – Cutucú Project. The Technical Report was prepared by Robert Page, Ph.D., P.Geo., Senior Associate Geologist at WGM.

Mr. Robert Page, a “qualified person” within the meaning of NI 43-101, conducted a site visit of the Lost Cities – Cutucú Project during the last week of August 2019 and Mr. Robert Phillips, an associate of WGM, conducted a site visit of the Lost Cities – Cutucú Project throughout the month of August 2019. The Technical Report is available on the Company’s profile on SEDAR at [www.sedar.com](http://www.sedar.com).

The aforementioned firms or persons held either less than one percent (1%) or no securities of the Company or of any associate or affiliate of the Company when they prepared the reports or the mineral reserve estimates referred to, or following the preparation of such reports or data, and either did not receive any or received less than a one percent (1%) direct or indirect interest in any securities of the Company or of any associate or affiliate of the Company in connection with the preparation of such reports or data.

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

McGovern Hurley LLP are the Company’s auditors and are independent of the Company within the meaning of the CPA Code of Professional Conduct of the Chartered Professional Accountants of Ontario.

### **AGENT FOR SERVICE OF PROCESS**

The following directors of the Company, Keith Barron, Alfred Lenarciak, Warren Gilman, Jonathan Kagan and Leanne Baker, reside outside of Canada. Although each of them has appointed the Company at, 36 Toronto Street, Suite 1050, Toronto, Ontario M5C 2C5, as their agent for service of process, purchasers are advised that it may not be possible for investors to enforce judgments obtained in Canada against any person or company that is incorporated, continued or otherwise organized under the laws of a foreign jurisdiction or resides outside of Canada, even if the party has appointed an agent for service of process.

### **STATUTORY RIGHTS OF WITHDRAWAL AND RECESSION**

Securities legislation in certain of the provinces of Canada provides purchasers with the right to withdraw from an agreement to purchase securities. This right may be exercised within two business days after receipt or deemed receipt of a prospectus and any amendment. In several of the provinces, the securities legislation further provides a purchaser with remedies of rescission or, in some jurisdictions, revisions of the price or damages if the prospectus and any amendment contains a misrepresentation or is not delivered to the purchaser, provided that the remedies for rescission, revisions of the price or damages are exercised by the purchaser within the time limit prescribed by the securities legislation of the purchaser’s province. Purchasers should refer to any applicable provisions of the securities legislation of their province for the particulars of these rights or consult with a legal advisor.

In an offering of Warrants, investors are cautioned that the statutory right of action for damages for a misrepresentation contained in a prospectus is limited, in certain provincial securities legislation, to the price at which the Warrant is offered to the public under the prospectus offering. This means that, under the securities legislation of certain provinces, if the purchaser pays additional amounts upon conversion, exchange or exercise of the security, those amounts may not be recoverable under the statutory right of

action for damages that applies in those provinces. The purchaser should refer to any applicable provisions of the securities legislation of the purchaser's province for the particulars of this right of action for damages or consult with a legal adviser.

**CERTIFICATE OF THE COMPANY**

Dated: October 22, 2020

This short form prospectus, together with the documents incorporated in this prospectus by reference, constitutes full, true and plain disclosure of all material facts relating to the securities offered by this prospectus as required by the securities legislation of the provinces of Ontario, Alberta and British Columbia.

By: (Signed) "*Keith Barron*"  
Chief Executive Officer  
Keith Barron

By: (Signed) "*Tony Wood*"  
Chief Financial Officer  
Tony Wood

On behalf of the Board of Directors

By: (Signed) "*Richard Spencer*"  
Director  
Richard Spencer

By: (Signed) "*Alfred Lenarciak*"  
Director  
Alfred Lenarciak

## CERTIFICATE OF THE PROMOTER

Dated: October 22, 2020

To the best of my knowledge, information and belief, this short form prospectus, together with the documents incorporated in this prospectus by reference, constitutes full, true and plain disclosure of all material facts relating to the securities offered by this prospectus as required by the securities legislation of each of the provinces of Ontario, Alberta and British Columbia.

By: (Signed) "*Keith Barron*"  
Keith Barron

## CERTIFICATE OF THE UNDERWRITERS

Dated: October 22, 2020

To the best of our knowledge, information and belief, this short form prospectus, together with the documents incorporated in this prospectus by reference, constitutes full, true and plain disclosure of all material facts relating to the securities offered by this prospectus as required by the securities legislation of each of the provinces of Ontario, Alberta and British Columbia.

### CANTOR FITZGERALD CANADA CORPORATION

Per: (Signed): Christopher Craib  
Name: Christopher Craib  
Title: President and CFO

### CANACCORD GENUITY CORP.

Per: (Signed): Earle McMaster  
Name: Earle McMaster  
Title: Director, Investment Banking

### ECHELON WEALTH PARTNERS INC.

Per: (Signed): Jason  
Yeung  
Name: Jason Yeung  
Title: Managing  
Director, Investment  
Banking

### EIGHT CAPITAL

Per: (Signed): John  
Sutherland  
Name: John Sutherland  
Title: Managing Director,  
Investment Banking

### HAYWOOD SECURITIES INC.

Per: (Signed): Ryan  
Matthiesen  
Name: Ryan Matthiesen  
Title: Managing  
Director, Investment  
Banking

### RAYMOND JAMES LTD.

Per: (Signed): John  
Willett  
Name: John Willett  
Title: Managing  
Director