

*A copy of this amended and restated preliminary short form prospectus has been filed with the securities regulatory authorities in the provinces of Ontario, Alberta and British Columbia, but has not yet become final for the purpose of the sale of securities. Information contained in this amended and restated preliminary short form prospectus may not be complete and may have to be amended. The securities may not be sold until a receipt for the short form prospectus is obtained from the securities regulatory authorities.*

**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 Vice President, Investor Relations 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).

**AMENDED AND RESTATED PRELIMINARY SHORT FORM PROSPECTUS**  
(amending and restating the preliminary short form prospectus dated October 4, 2021)

New Issue

October 5, 2021



**AURANIA RESOURCES LTD.**

**\$6,003,000**  
**3,335,000 Units**

This preliminary short form prospectus qualifies the distribution of 3,335,000 units (the “**Units**”) of Aurania Resources Ltd. (the “**Company**”) at a price of \$1.80 per Unit (the “**Offering Price**”) for aggregate gross proceeds of up to \$6,003,000 (the “**Offering**”). Each Unit will consist of one common share in the capital of the Company (a “**Unit Share**”) and one common share purchase warrant (each 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 \$2.20 at any time prior to 4:00 p.m. (Toronto time) on the date that is 60 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. and Echelon Wealth Partners Inc. (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 Company will apply to list 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 October 1, 2021, 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 \$2.18 per Common Share. On October 4, 2021, 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 \$2.10 per Common Share.

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**PRICE: \$1.80 PER UNIT**

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	<b>Price to the Public</b>	<b>Underwriters' Fee <sup>(1)</sup></b>	<b>Net Proceeds to the Company <sup>(2)</sup></b>
Per Unit .....	\$1.80	\$0.108	\$1.692
Total Offering <sup>(3)</sup> .....	\$6,003,000	\$360,180	\$5,642,820

**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 expiry date of the Warrants issued as part of the Units. See “*Plan of Distribution*”.
- (2) Before deducting expenses of the Offering estimated to be \$250,000 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 500,250 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 \$1.50 per Additional Share; (iii) additional Warrants (the “**Additional Warrants**”) at a price of \$0.30 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 500,250 Additional Shares and 500,250 Additional Warrants. The grant of the Over-Allotment Option and the Additional Securities issuable upon exercise of the Over-Allotment Option, and the Broker Warrants and the securities underlying the Broker Warrants, 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 \$6,903,450, \$414,207 and \$6,489,243, 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 and the Broker Warrants. 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 and the Broker Warrants:

<b>Underwriters’ Position</b>	<b>Maximum Size or Number of Securities Available</b>	<b>Exercise Period</b>	<b>Exercise Price</b>
Over-Allotment Option	500,250 Additional Shares and/or	For a period of 30 days from Closing of the Offering	\$1.80 per Additional Unit
	500,250 Additional Warrants		\$1.50 per Additional Share
			\$0.30 per Additional Warrant
Broker Warrants	200,100 Broker Warrants (up to 230,115 if the Over-Allotment Option is exercised in full)	For a period of 60 months from Closing of the Offering	\$1.80 per Broker Warrant

The Company intends to complete a non-brokered private placement (expected to close concurrently with, or shortly following the closing of, the Offering) of up to 1,111,111 Units for gross proceeds of up to \$2,000,000 (the “**Concurrent Private Placement**”), on the same terms and conditions as the Offering. Closing of the Concurrent Private Placement is subject to the approval of the TSX-V. A cash commission equal to 2% of the gross proceeds raised in the Concurrent Private Placement will be paid to the Underwriters in connection with the sale of Units pursuant to the Concurrent Private Placement.

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 Gowling WLG (Canada) 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.

Closing of the Offering is expected to take place on or about October 20, 2021 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 in the Offering 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. Notwithstanding the foregoing, a subscriber of Units in the United States or purchasing for the account or benefit of a U.S. Person (as such term is defined in Regulation S under the U.S. Securities Act) that is an “accredited investor” (“**U.S. Accredited Investor**”) within the meaning of Rule 501(a) of Regulation under the U.S. Securities Act will receive definitive physical certificates representing the Unit Shares and Warrants.

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, Warren Gilman, Jonathan Kagan and Nathalie Han, 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.

## TABLE OF CONTENTS

	<b>Page</b>
CAUTIONARY NOTE REGARDING FORWARD-LOOKING INFORMATION .....	1
GENERAL MATTERS .....	2
FINANCIAL INFORMATION AND ACCOUNTING PRINCIPLES .....	2
CURRENCY PRESENTATION AND EXCHANGE RATE INFORMATION .....	2
DOCUMENTS INCORPORATED BY REFERENCE .....	3
MARKETING MATERIALS .....	4
SUMMARY DESCRIPTION OF THE BUSINESS .....	4
CONSOLIDATED CAPITALIZATION .....	8
USE OF PROCEEDS .....	8
DESCRIPTION OF SECURITIES BEING DISTRIBUTED .....	12
PRIOR SALES .....	15
TRADING PRICE AND VOLUME .....	15
PLAN OF DISTRIBUTION .....	16
ELIGIBILITY FOR INVESTMENT .....	22
CERTAIN CANADIAN FEDERAL INCOME TAX CONSIDERATIONS .....	23
CERTAIN BERMUDA TAX CONSIDERATIONS .....	26
CEASE TRADE ORDERS, BANKRUPTCIES, PENALTIES OR SANCTIONS .....	27
RISK FACTORS .....	28
LEGAL MATTERS .....	32
PROMOTERS .....	32
INTEREST OF EXPERTS .....	32
AGENT FOR SERVICE OF PROCESS .....	33
STATUTORY RIGHTS OF WITHDRAWAL AND RESCISSION .....	33
CERTIFICATE OF THE COMPANY .....	C-1
CERTIFICATE OF THE PROMOTER .....	C-2
CERTIFICATE OF THE UNDERWRITERS .....	C-3

## 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 May 5, 2021 for the year ended December 31, 2020 and under the heading “*Risk and Uncertainties*” in the management’s discussion and analysis of consolidated results of operations and financial condition dated April 22, 2021 for the year ended December 31, 2020, 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.

## GENERAL MATTERS

***In evaluating whether or not to purchase Units pursuant to the Offering, a prospective investor should rely only on the information contained or incorporated by reference in this short form prospectus. In addition, prospective investors should not rely on part of the information contained in or incorporated by reference in this short form prospectus to the exclusion of the remainder.***

Neither the Company nor the Underwriters have authorized anyone to provide a prospective investor with different or additional information. If anyone provides a prospective investor with different or additional information, such prospective investor should not rely on it. The Company and the Underwriters are not making an offer to sell or seeking an offer to purchase the securities offered pursuant to this short form prospectus in any jurisdiction where to offer or sale is not permitted. Prospective investors should assume that the information contained in this short form prospectus is accurate only as of the date of those documents and that information contained in any document incorporated by reference is accurate only as of the date of that document or other date specified in that document. Subject to the Company's obligations under applicable securities laws, the information contained in this short form prospectus is accurate only as of the date of this short form prospectus regardless of the time of delivery of this short form prospectus or of any sale of the Units.

Unless the context otherwise requires, all references in this short form prospectus to the "Company", "Aurania", "we", "us" and "our" refer to Aurania Resources Ltd.

## FINANCIAL INFORMATION AND ACCOUNTING PRINCIPLES

The financial statements of the Company incorporated by reference in this short form prospectus are reported in Canadian dollars and have been prepared in accordance with International Financial Reporting Standards as issued by the International Accounting Standards Board.

## CURRENCY PRESENTATION AND EXCHANGE RATE INFORMATION

In this short form prospectus, unless otherwise specified or the context otherwise requires, all dollar amounts are expressed in Canadian dollars. All references to "dollars", "\$" or "C\$" are to Canadian dollars and all references to "US\$" are to U.S. dollars. On October 4, 2021, the rate of exchange for the Canadian dollar, expressed in U.S. dollars, based on the Bank of Canada daily exchange rate, was US\$1.00=C\$1.2583 (or C\$1.00=US\$0.7947).

The following table sets out: (1) the high and low rate of exchange for one U.S. dollar in Canadian dollars during the indicated periods; (2) the average of the rate of exchange on the last business day of each month during those periods; and (3) the closing exchange rate in effect as at the end of each of those periods, each as published by the Bank of Canada.

	<u>Six months ended June 30, 2021</u>	<u>Six months ended June 30, 2020</u>	<u>Year ended December 31, 2020</u>	<u>Year ended December 31, 2019</u>
		(expressed in Canadian dollars)		
High	1.2827	1.4496	1.3600	1.3642
Low	1.2046	1.2970	1.2988	1.2288
Average	1.2406	1.3541	1.3269	1.2957
Closing	1.2369	1.3339	1.2988	1.3642

## 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 Vice President, Investor Relations 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 commissions or other similar securities regulatory authorities in British Columbia, Alberta and Ontario and are specifically incorporated by reference in, and form an integral part of, this short form prospectus:

- The material change report dated September 28, 2021 in respect of the resignation of Alfred Lenarciak as a director of the Company;
- the unaudited interim condensed consolidated financial statements for the three and six months ended June 30, 2021, together with the accompanying notes thereto;
- the management's discussion and analysis of financial results dated August 25, 2021 for the three and six months ended June 30, 2021 ("**June 30 2021 MD&A**");
- the management proxy circular dated May 12, 2021, prepared for the annual and special meeting of our shareholders held on June 21, 2021 (the "**Information Circular**");
- the annual information form dated May 5, 2021 for the fiscal year ended December 31, 2020 (the "**Annual Information Form**");
- the audited consolidated financial statements as at and for the years ended December 31, 2020, together with the notes thereto and the auditors' reports thereon;
- the management's discussion and analysis of consolidated results of operations and financial condition dated April 22, 2021 for the fiscal year ended December 31, 2020;
- the material change report dated April 13, 2021 in respect of the closing a private placement of units of the Company for gross proceeds of approximately \$1.25 million;
- the material change report dated April 1, 2021 in respect of the closing of an overnight marketed public offering of units of the Company for gross proceeds of approximately \$7.77 million;
- the material change report dated March 19, 2021 in respect of the announcement of an overnight marketed offering of units of the Company and a concurrent private placement of units of the Company; and
- the "template version" (as such term is defined National Instrument 41-101 – *General Prospectus Requirements*) of the investor presentation and term sheet, each dated October 4, 2021, in respect of the Offering (collectively, the "**Marketing Materials**").

Any documents of the type required by National Instrument 44-101 – *Short Form Prospectus Distributions* 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 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 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 principal 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**” or the “**Project**”) and to acquire additional mineral properties. The Lost Cities – Cutucú Project properties in Ecuador are subject to a 2% net smelter return royalty on metal production and a 2% net sales return royalty on non-metallic products. The Lost Cities – Cutucú Project is the only mineral property that is material to the Company.

The Company’s exploration strategy, with respect to the Lost Cities - Cutucú Project, involves completing reconnaissance exploration, which has resulted in the identification four styles of mineralization, over approximately 37% of the Property, as listed below. Reconnaissance exploration has been completed over approximately 63% of the Property with the goal of making a discovery of a mineral deposit of significant size and grade. The aim is to drive towards a mineral discovery quickly and efficiently using early drilling as a key element of that strategy. The emphasis on this early, exploratory drilling (the “**Scout Drilling Program**”) is driven by the nature of the environment in which the Project is located; namely, tropical jungle with dense vegetation and minimal rock exposure. In this environment, scout drilling provides an efficient means of discerning geological continuity and mineral alteration (minerals that form halos like onion skins around deposits) that is impossible to see at surface because of the vegetation and soil cover, as well as deep, tropical weathering that transforms the alteration of minerals into other less diagnostic species. This approach contrasts with exploration in sparsely vegetated regions in which geological mapping of rock exposures, combined with identification of the distribution of mineral alteration species, can be done by detailed study of outcrops at surface. The approach taken by the Company with respect to utilizing the Scout Drilling Program earlier in the exploration process than would be done in drier regions, was

considered to be appropriate by the authors of the Technical Report.

The mineralization styles which reconnaissance exploration has identified to date, as described in the Technical Report (as defined below), are the following:

- Epithermal gold-silver, the target type on which the original exploration premise was based;
- Porphyry copper (intrusive-related systems) which, due to the abundance of these deposits in the geologically contiguous Cordillera del Condor, was to be expected;
- Sediment-hosted copper-silver, which is a new style of mineralization in Ecuador, but is known from adjacent Peru; and
- Silver-zinc (or carbonate-replacement deposits), also a first for Ecuador, but known from adjacent northern Peru.

Each exploration target-type, as well as reconnaissance exploration, has its own dedicated exploration team that is tasked with advancing its priority targets to readiness for scout drilling. Targets are ranked in a dynamic manner based on their technical merit after ridge-and-spur soil sampling followed by detailed grid soil sampling, mapping of stream beds, rock-chip sampling, mineral alteration studies with short wavelength infrared sensors, as well as detailed geophysics (heliborne magnetotelluric (“**MobileMT**”)) in some areas. It is quite possible that a target newly identified during reconnaissance exploration may be prioritized for scout drilling above a longer-standing target based on the newly identified target’s mineral potential.

The targets drilled in 2019 and 2020 were epithermal gold-silver at Crunchy Hill and Kuri-Yawi, and intrusive-related targets at Tsenken N2 and N3, while in 2021, the Scout Drilling Program progressed to sediment-hosted copper-silver at Tsenken N1, and for silver-zinc at Tiria-Shimpia. In addition to the above, targets that are currently being readied for scout drilling in the last quarter of 2021 and into 2022 include a return to the epithermal belt in the south with a focus on Latorre C and intrusive-related systems at Tatasham. Kuri-Yawi, which is part of a belt that has epithermal characteristics, is being readied for further drilling at a later stage.

The Company commenced field operations in 2017. Cumulative exploration expenditures at the Lost Cities – Cutucú Project totaled approximately \$29 million as at December 31, 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.Geol. of Watts, Griffis and McQuat 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, 2021, totaled approximately \$21.4 million, which included \$16 million to define multiple exploration targets with ridge-and-spur soil sampling, grid soil sampling, detailed geological mapping, and reinterpretation of geophysical data culminating in the scout drilling of 15,394 metres. In addition, the Company has utilized MobileMT geophysical data, which has been carried out over specific areas on the Project to better define the depth and shape of exploration targets. The processing of MobileMT data was initially by one-dimensional (“**1D**”) inversion and geological information obtained from drilling of a target defined on this basis led to refinement of the modelling to include three-dimensional (“**3D**”) inversion. Targets that have been refined on the basis of the 3D inversion are expected to be tested in the near term.

Reconnaissance exploration, consisting of stream sediment sampling, ridge-and-spur soil sampling and geological mapping, was undertaken in areas that, to the Company’s knowledge, have not been explored recently using modern techniques. Target development, including more detailed geophysics, as well as additional reconnaissance exploration, is 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 commenced in mid-September of 2020 to investigate multiple gold-silver, copper, copper-silver and silver-dominated targets, while continuing with target development and reconnaissance exploration.

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**

### *April 2021 Public Offering*

On April 1, 2021, the Company completed an overnight marketed public offering of units, including exercise in full of the over-allotment option (the “**April 2021 Public Offering**”). A total of 2,507,000 units were sold at a price of \$3.10 per unit, for gross proceeds to the Company of approximately \$7.77 million. Each unit was comprised of one Common Share and one Warrant. Each Warrant entitles the holder to purchase one Common Share at \$4.25 at any time until April 1, 2024. The offering was completed pursuant to an underwriting agreement dated March 18, 2021 among the Company and Cantor Fitzgerald Canada Corporation, as lead underwriter and sole bookrunner, and a syndicate of underwriters including Canaccord Genuity Corp. and Echelon Wealth Partners Inc. The underwriters in the April 2021 Public Offering were paid a cash commission of 6% of the gross proceeds from the offering and were issued compensation Warrants equal to 6% of the units sold under the offering, with each such compensation Warrant being exercisable into one unit at the exercise price of \$4.25 per unit until April 1, 2024.

The proceeds from the April 2021 Public Offering were used in accordance with the use of proceeds disclosed in the announcement of the April 2021 Public Offering, namely for exploration expenditures at the Company’s Lost Cities – Cutucú Project in Ecuador and for working capital and general corporate purposes.

### *April 2021 Private Placement*

On April 7, 2021, the Company completed a non-brokered private placement (the “**April 2021 Private Placement**”) of units that were issued on the same terms and conditions as the units issued in connection with the April 2021 Public Offering. A total of 403,709 units were sold in the April 2021 Private Placement at a price of \$3.10 per unit for gross proceeds to the Company of approximately \$1.25 million. Each unit was comprised of one Common Share and one Warrant. Each Warrant entitles the holder to purchase one Common Share at \$4.25 at any time until April 1, 2024. Pursuant to the terms and conditions of the underwriting agreement pursuant to which the April 2021 Public Offering was completed, the Company also paid to the underwriters in the April 2021 Public Offering a cash commission of 3% of the gross proceeds from the April 2021 Private Placement.

Net proceeds received from the April 2021 Private Placement were applied as intended: namely, to the exploration of the certain mineral concessions in Peru, and for working capital purposes.

### *Board Changes*

On September 22, 2021, the Company announced that Mr. Alfred Lenarciak had resigned from the board of directors of the Company for personal reasons. Mr. Lenarciak had been a director since June 2018 and was a member of the Company’s audit committee. Director Ms. Nathalie Han, who was appointed to the board of directors on January 27, 2021, was appointed to fill the resulting vacancy created on the Company’s audit committee. The Company’s audit committee is now comprised of Jonathan Kagan (chair), Warren Gilman and Nathalie Han. All members of the Company’s audit committee are “financially literate” and “independent” within the meaning of National Instrument 52-110 *Audit Committees*.

### *COVID-19*

On March 11, 2020, the World Health Organization declared the outbreak of COVID-19 (the name of the illness caused by the novel coronavirus known as SARS-cov-2) 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, Ecuador and Peru 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 for the development of Ecuador, as specified in Presidential Decree 151, issued on August 5, 2021. 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'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 that was subsequently lifted on January 26, 2021. 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 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 aligned with the biosafety protocol for the reopening of mining activities approved by Ecuador's National Emergency Committee. By June 24, 2020, in accordance with governmental policies implementing the partial lifting of the COVID-19-related restrictions which permitted deployment of 50% of the workforce, the Company's field teams became operational at the Lost Cities – Cutucú Project.

With the implementation of the measures related to COVID-19 by the government of Ecuador, the Company worked 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 after having it translated into the language of the local communities.

The Company continues to operate under strict COVID-19 protocols as mandated by the Ecuadorian Ministry of Health. In order to comply with the COVID-19 protocols, the Company contracts medical doctors to undertake testing of communities that provide guides for the Company's exploration crews. The Company's drilling programs are being conducted utilizing COVID-19 – related protocols, including testing of all personnel for COVID-19 before they enter the drill camp, mandatory use of personal protective gear, access to on-site testing should a person fall ill while on-site, implementation of segregated work areas and careful monitoring of the supply chain. Medical personnel work on an overlapping schedule to ensure that a 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 continued 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, an extensive control testing program (being a program by which any personnel (whether employees, contractors or field guides), undergo a COVID-19 test before they are admitted to the field teams or allowed to return to the field office after field-leave) and board and management oversight. The Company has, and will continue to, abide by the protocols within Canada and Ecuador regarding the performance of work activities.

## CONSOLIDATED CAPITALIZATION

The following table sets forth the consolidated capitalization of the Company as at June 30, 2021 and the *pro forma* consolidated capitalization of the Company as at June 30, 2021, as adjusted to give effect to the Offering as well as the Concurrent Private Placement.

	Authorized	As at June 30, 2021 <sup>(1)</sup>	As at June 30, 2021, after giving effect to the Offering <sup>(2)</sup>	As at June 30, 2021, after giving effect to the Offering and the Concurrent Private Placement <sup>(3)</sup>
Common Shares	Unlimited	46,868,388 Common Shares	50,203,388 Common Shares	51,314,499 Common Shares
Warrants	Unlimited	5,621,130 Warrants	8,956,130 Warrants	10,067,241 Warrants

### Notes:

- (1) As at June 30, 2021, the Company had 5,621,130 warrants, 3,741,000 stock options and 392,500 restricted stock units outstanding, each exercisable to acquire one Common Share, for 56,623,018 Common Shares outstanding on a fully diluted basis.
- (2) Assuming no exercise of the Over-Allotment Option. If the Over-Allotment Option is exercised in full, there would be a total of 50,703,638 Common Shares and 9,456,380 Warrants, as at June 30, 2021, after giving effect to the Offering.
- (3) Assuming no exercise of the Over-Allotment Option and that the Concurrent Private Placement is fully subscribed for. If the Over-Allotment Option is exercised in full, there would be a total of 51,814,749 Common Shares and 10,567,491 Warrants, as at June 30, 2021, after giving effect to the Offering and the Concurrent Private Placement.

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, 2021, which have not been disclosed in this short form prospectus or the documents incorporated by reference herein. See "Summary Description of the Business – Recent Developments – April 2021 Public Offering" and "Prior Sales".

## USE OF PROCEEDS

The net proceeds to the Company from the Offering are estimated to be \$5,392,820, after deducting from the gross proceeds (\$6,003,000) total estimated expenses of \$610,180 consisting of: (i) the Underwriter's Fee (\$360,180); and (ii) the expenses of the Offering (estimated to be approximately \$250,000). If the Over-Allotment Option is exercised in full, the net proceeds to the Company from the Offering are estimated to be \$6,239,243 after deducting from the gross proceeds (\$6,903,450) total estimated expenses of \$664,207 consisting of: (i) the Underwriter's Fee (\$414,207); and (ii) the expenses of the Offering (estimated to be approximately \$250,000).

The net proceeds to the Company from the Concurrent Private Placement are estimated to be up to \$1,930,000 after deducting from the gross proceeds (\$2,000,000) total estimated expenses of up to \$70,000. There is no minimum amount of proceeds to be raised in the Concurrent Private Placement. The Underwriter's Fee and the expenses of the Offering and the Concurrent Private Placement will be paid from the proceeds of the Offering and the Concurrent Private Placement.

The net proceeds from the Offering will be applied to the Scout Drilling Program, which is designed to drill-test various target areas identified by the Company's exploration programs on the Lost Cities – Cutucú Project, concession payments, and for working capital purposes. As described under "Summary Description of the Business – Recent Developments – Scout Drilling Program", the Scout Drilling Program is well underway using proceeds from the October 2020 public offering (the "October 2020 Offering"), April 2021

Public Offering and April 2021 Private Placement.

The Company is well advanced through its first helicopter-supported drill program in the Project area. After an initially challenging start to the exploration campaign in late 2020, the Company implemented operational changes that have improved the efficiency of the Scout Drilling Program. The funds raised from the April 2021 Public Offering have been spent consistent with the use of proceeds outlined in the Company's short form prospectus dated March 26, 2021, in respect of the April 2021 Public Offering. For additional information, please see the June 30, 2021 MD&A, which is incorporated by reference herein.

As listed in the table below, a total of 6,166 metres of the planned 8,000 metres in the Scout Drilling Program has been completed and an additional 2,200 metres of drilling is now planned using proceeds from the Offering.

Target Area	Target-type	As per March 2021 Prospectus	As per September 2021 Prospectus	Date to be drilled / Drilling completed	Drilling (m)		MobileMT completed	Result of drilling & next milestones
					Completed since April 2021 Offering & Concurrent Private Placement	Planned		
Latorre C	Epithermal gold	To be drilled	To be drilled	Jan-Feb 2022		750	Yes	
Kuripan				Jul-Aug 2022		0	No	
Tatasham	Intrusive-related copper			Nov-Dec 2021		500	Yes	
Tsenken N1	Sediment-hosted copper	To be drilled	Drilled to date	Feb-May 2021	3,200	500	Partially covered	7 holes have been completed. Copper was intersected in 6 of 7 drill holes, although no potentially economic grades were intersected. No intrusive-related mineralized system intersected this target area is now sediment-hosted copper-silver target. Drilling of 8th hole is underway.
Kuri-Yawi (B1 target)	Epithermal gold			Mar-May 2021	1,948	0	Yes	2 holes were drilled. Drilling of MobileMT-defined target was unsuccessful. Epithermal textures are being combined with soil geochemistry and remodelled MobileMT to refine targets in the broader target area. Additional drilling is required.
Tiria-Shimpia	Carbonate- Replacement Silver- Zinc-Lead			Mar-Apr 2021	1,018	450	Partially covered	3 drill holes completed. Silver-zinc mineralization intersected in 5m thick sedimentary layer in hole SH-003. The key next step is to confirm continuity of mineralization within the sedimentary layering. Additional drilling planned.
<b>Total</b>					<b>6,166</b>	<b>2,200</b>		

The planned use of proceeds from the Offering is set forth in the following table. Proceeds from the Concurrent Private Placement, if any, have all been allocated to working capital. We anticipate using excess working capital to fund additional reconnaissance and drilling on whichever targets yield the best results from the drilling funded from the Offering as described in the table below. Funds, if any, derived from the exercise of the Over-Allotment Option will be allocated to additional drilling of priority targets and for general working capital.

Exploration Category	Total Budget October 1 to September 30, 2022	Funded by:		Anticipated timing of expenditure
		Use of Proceeds Public Offering October 2021	Use of Proceeds Concurrent PP October 2021	
<b>ECUADOR</b>				
<b>Target Development</b>				
Epithermal Gold-Silver	356,820	356,820	-	H1 2022
Sediment-Hosted Copper-Silver	320,000	320,000	-	Q2 - Q3 2022
Intrusive-Related Copper	350,000	350,000	-	Q4 2021 - Q1 2022
Carbonate-Hosted Silver-Zinc-Lead	250,000	250,000	-	H1 2022
Community Social Responsibility / Community Relations	390,000	390,000	-	On going to September 2022
Environmental Health and Safety	225,000	225,000	-	On going to September 2022
Concessions	1,470,000	1,470,000	-	March 2022
<b>Total</b>	<b>3,361,820</b>	<b>3,361,820</b>	<b>-</b>	
Working capital	1,930,000	-	1,930,000	
12 Months Corporate, G&A and IR	2,031,000	2,031,000	-	
	7,322,820	5,392,820	1,930,000	
Financing Fees and Costs	680,180	610,180	70,000	
<b>Total</b>	<b>\$ 8,003,000</b>	<b>6,003,000</b>	<b>2,000,000</b>	

## Ecuador

### Target Development

#### *Epithermal Gold-Silver Targets*

The Company has budgeted \$356,820 from the proceeds of the Offering to advance epithermal gold-silver exploration; the priority being to intersect mineralization that is typical of this class of deposit, and then to home in on the core of the system where higher grades may be located. 750 metres of drilling is planned for epithermal targets as discussed below.

#### Kuri-Yawi

The geological data from the scout drilling is being incorporated with the geophysical data and the distribution of sinter facies to refine targets for drilling in a future program.

#### Latorre C

Latorre C is part of the same epithermal field as Kuri-Yawi and potentially Crunchy Hill. Sinter facies have been mapped and classified to delineate the up-flow zones that are expected to indicate where vein systems lie at depth. The sinter data is being compiled with soil geochemistry and magnetic and MobileMT data to refine the drill targets. 750 metres of drilling is planned for Latorre C.

#### Kuripan

More detailed field mapping and soil sampling will be done to refine drill targets and evaluate whether future drilling is merited. No drilling is contemplated for Kuripan in the current use of proceeds from the Offering.

#### *Sediment-Hosted Copper-Silver Targets*

\$320,000 from the Offering is budgeted to advance exploration of sediment-hosted copper-silver, the priority being to demonstrate the continuity of mineralization that is typical of this class of deposit. The funds would be for completion of approximately 500 metres of drilling and additional funds would be considered for deployment from working capital depending on the success of the drill program in providing further evidence of continuity of copper-silver mineralization.

### *Intrusive-Related Copper Targets*

\$350,000 from the Offering is budgeted to advance exploration for intrusive-related systems, the priority being initial drilling of the Tatasham target – which has many characteristics of a porphyry copper system – in a 500 metre program. This drilling is planned for Q4, 2021.

The Tsenken N4 target warrants drilling for its potential as an iron oxide copper-gold system. Drill targets are being analyzed and will be considered for inclusion in the next budget.

Drilling of the Awacha targets will be initiated on the successful negotiation of access agreements with the local indigenous communities in that area. Field work will focus on additional alteration mapping and soil sampling to refine targets for drilling.

### *Carbonate-Replacement Silver-Zinc Targets*

\$250,000 from the Offering is budgeted to advance exploration of carbonate-replacement silver-zinc. The key next step for the Tiria-Shimpia target is to demonstrate continuity between mineralization encountered at surface and mineralization intersected at depth by drilling. The 5 metre intercept in drill hole SH-003, the depth extension of a mineralized layer mapped at surface, is the first indication of lateral continuity that must be confirmed with further drilling. A 450 metre drill program is planned for the Tiria-Shimpia target area.

### **Community Relations**

The emphasis of the Company's social initiatives is to maintain the access agreements that have been signed with 80% of the 55 communities within the Project area and to negotiate access to the remaining areas of the Project for the reconnaissance exploration teams.

### **Environmental Health and Safety**

The Company's priority is to maintain the highest standards in environmental restoration of drill pads and drill camps, while monitoring water quality to demonstrate that there is no contamination of water sources by drilling or from the field camps in accordance with the Company's ISO14001 environmental registration in Ecuador. The Company plans to continue to work with foundations and government to install clean water, and ultimately potable water, systems in the Project area. The budget for environment, water, health and safety from the Offering is \$225,000.

### **Concessions**

Concession maintenance in Ecuador requires payment of an annual concession fee by March 31 of each year and meeting a minimum annual exploration expenditure obligation. Since the annual concession fee contributes towards the minimum required annual expenditure, the Company meets the minimum expenditure commitment simply by paying the annual concession fee. The current concession budget for Ecuador is approximately \$1,470,000 (calculated at the rate of approximately US\$10 per hectare). The Company has determined that a number of concessions are not required to further the project and so this budget is based on the Company reducing the number of hectares held under mineral concessions by 50%. The next concession payment is due to be made by March 31, 2022.

### **General**

Jean-Paul Pallier, the Company's VP Exploration, is a "qualified person" as that term is defined in NI 43-101 (defined below), and is 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 and the Concurrent Private Placement 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*”.

If the Warrants are exercised, the Company intends to use the proceeds of such exercise to further fund exploration, 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 will require additional financing over and above the Offering and the Concurrent Private Placement in order to meet its longer-term business objectives, and there can be no assurances that such financing sources will be available as and when needed. Historically, capital requirements have been primarily funded through equity financings, the exercise of stock options and share purchase warrants, and loans from the principal shareholder, CEO and Chairman. The factors that could affect the availability of financing include the progress and results of the Scout Drilling Program, the state of international debt and equity markets, and investor perceptions and expectations of the global gold, silver and/or copper markets. There can be no assurance that such financing will be available in the amount required at any time or for any period or, if available, that it can be obtained on terms satisfactory to the Company. Based on the amount of funding raised, the Company's planned exploration or other work programs may be postponed, or otherwise revised, as necessary. See “*Risk Factors*”.

As of the date of this Prospectus, the Company had a working capital deficit of approximately \$2 million with a cash balance of approximately \$600,000. As at June 30, 2021, the Company had an estimated working capital surplus of approximately \$3.3 million and the working capital balance has been adjusted since that time by ongoing property expenditures and corporate general and administrative expenses which have reduced working capital (see “*Summary Description of the Business – Recent Developments*”).

The Company currently has a negative operating cash flow, which may continue for the foreseeable future. During the fiscal year ended December 31, 2020, 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 Warrant. Each Warrant will entitle the holder to purchase one Warrant Share (being a Common Share issuable upon valid exercise of a Warrant) at a price of \$2.20 prior to 4:00 p.m. (Toronto time) on the date that is 60 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 46,868,398 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 \$2.20. 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 60 months from the Closing Date, after which time the Warrants will expire and become null and void.

The Warrant Indenture is expected to 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<sup>th</sup>) 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 pre-emptive rights or any other rights which a holder of Common Shares would have.

Warrants issued in connection with the Concurrent Private Placement may be issued on a standalone basis, in which event such Warrants will not be issued pursuant to the Warrant Indenture. The terms and conditions of such Warrants however will be substantially the same as the Warrants issued in the Offering under the Warrant Indenture.

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 "extraordinary resolution", which will be defined in the Warrant Indenture as a resolution either: (i) proposed 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 20% 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; 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 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 29, 2020 <sup>(1)</sup>	2,679,500 Common Shares	\$4.30
October 29, 2020 <sup>(1)</sup>	1,339,750 Warrants	\$5.50
October 29, 2020 <sup>(1)</sup>	160,770 October 2020 Broker Warrants	\$4.30
November 18, 2020	1,020,000 stock options	\$3.51
December 23, 2020	100,000 stock options	\$3.25
January 25, 2021	200,000 stock options	\$3.21
April 1, 2021 <sup>(2)</sup>	2,507,000 Common Shares	\$3.10
April 1, 2021 <sup>(2)</sup>	2,507,000 Warrants	\$4.25
April 8, 2021 <sup>(3)</sup>	403,709 Common Shares	\$3.10
April 8, 2021 <sup>(3)</sup>	403,709 Warrants	\$4.25

Notes:

- (1) Issued pursuant to the October 2020 Offering.
- (2) Issued pursuant to the April 2021 Public Offering.
- (3) Issued pursuant to the April 2021 Private Placement.

## TRADING PRICE AND VOLUME

### Common Shares

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 (\$)	Volume
October 1 – 4, 2021	2.22	2.09	19,273
September, 2021	2.78	2.05	420,536
August 2021	2.94	2.19	416,663
July 2021	3.43	2.45	568,800
June 2021	2.88	2.49	450,377
May 2021	3.27	2.61	962,339
April 2021	3.06	2.22	1,753,904
March 2021	3.7	2.37	983,888
February 2021	3.71	3.00	573,678
January 2021	3.99	3.01	548,716
December 2020	3.99	3.05	627,855
November 2020	4.10	3.25	575,034
October 2020	4.63	3.58	1,200,901

On October 1, 2021, 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 \$2.18 per Common Share. On October 4, 2021, 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 \$2.10 per Common Share.

## Warrants

The Warrants distributed in the October 2020 Offering were listed and posted for trading on the TSX-V under the symbol “ARU.WT”, with each such Warrant being exercisable into one Common Share, at an exercise price of \$5.50 per Common Share. The Warrants distributed in the October 2020 Offering expire on October 29, 2022. The following table sets forth the high and low closing prices and the aggregate volume of the Warrants distributed in the October 2020 Offering on the TSX-V and alternative exchanges since their date of issuance.

Month	High (\$)	Low (\$)	Volume
October 1 – 4, 2021	0.28	0.28	Nil
September, 2021	0.32	0.28	47,500
August 2021	0.32	0.285	20,800
July 2021	0.55	0.27	34,657
June 2021	0.45	0.27	120,130
May 2021	0.75	0.50	183,600
April 2021	0.91	0.41	142,900
March, 2021	0.90	0.90	1,000
February 2021	1.37	0.85	41,511
January 2021	1.37	1.09	36,445
December 2020	1.70	1.09	157,501
November 2020	1.75	0.62	317,097
October 2020	n/a	n/a	Nil

The Warrants distributed in the April 2021 Public Offering and April 2021 Private Placement were listed and posted for trading on the TSX-V under the symbol “ARU.WT.A”, with each such Warrant being exercisable into one Common Share, at the exercise price of \$4.25 per Common Share. The Warrants distributed in the April 2021 Public Offering and April 2021 Private Placement expire on April 1, 2024. The following table sets for the high and low closing prices and the aggregate volume of the Warrants distributed in the April 2021 Public Offering and April 2021 Private Placement on the TSX-V and alternative exchanges since their date of issuance.

Month	High (\$)	Low (\$)	Volume
October 1 – 4, 2021	0.45	0.45	11,000
September, 2021	0.75	0.40	10,100
August 2021	Nil	Nil	Nil
July 2021	1.00	0.69	26,700
June 2021	0.81	0.50	103,980
May 2021	0.90	0.63	339,800
April 2021	0.90	0.36	809,440

## PLAN OF DISTRIBUTION

Pursuant to an underwriting agreement dated October 5, 2021 (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 3,335,000 Units at the Offering Price for aggregate gross proceeds of up to \$6,003,000

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.

Each Unit will consist of one Unit Share and 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 \$2.20 per Warrant Share at any time prior to 4:00 p.m. (Toronto time) on the date that is 60 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 500,250 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 \$1.50 per Additional Share; or (3) Additional Warrants at a price of \$0.30 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 500,250 Additional Shares and 500,250 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 \$6,903,450, \$414,207 and \$6,489,243, 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 U.S. Accredited Investors 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 Company will apply to list 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. A cash commission equal to 2% of the gross proceeds raised in the Concurrent Private Placement will be paid to the Underwriters in connection with the sale of Units pursuant to the Concurrent Private Placement. Each Broker Warrant shall entitle the Underwriters to purchase one Unit at the Offering Price at any time on or before the date of expiry of the Warrants comprising part of the Units. 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 issuance of Units in connection with the Concurrent Private Placement; (3) 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; (4) the exercise of outstanding warrants, convertible securities or other existing contractual rights; or (5) 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 October 5, 2021, 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 such that the Units cannot be 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. Notwithstanding the foregoing, a subscriber of Units in the United States or purchasing for the account or benefit of a U.S. Person (as such term is defined in Regulation S under the U.S. Securities Act) that is a U.S. Accredited Investor will receive definitive physical certificates representing the Unit Shares and Warrants.

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 ninety (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 or about October 20, 2021, 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.

### **Concurrent Private Placement**

The Company intends to complete the Concurrent Private Placement (expected to close concurrently with, or shortly following the closing of, the Offering) of up to 1,111,111 Units for gross proceeds of up to \$2,000,000 on the same terms and conditions as the Offering.

## **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 “**EAA 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 EAA 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 EAA Prospectus Regulation; or
- (c) at any time in any other circumstances falling within Article 1(4) of the EAA 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 EAA Prospectus Regulation or a supplement to a prospectus pursuant to Article 23 of the EAA 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*

No Units will be offered to the public in the United Kingdom, prior to the publication of a prospectus in relation to the Units which has been approved by the Financial Conduct Authority, except that the Units may be offered to the public in the United Kingdom at any time:

- (a) to any legal entity which is a qualified investor as defined under Article 2 of the UK Prospectus Regulation
- (b) to fewer than 150 natural or legal persons (other than qualified investors as defined under Article 2 of the UK Prospectus Regulation); or
- (c) in any other circumstances falling within Section 86 of the Financial Services and Markets Act 2000 (“**FSMA**”)

*provided* that no such offer of the Units shall require the Company or any Underwriter to publish a prospectus pursuant to Section 85 of the FSMA or supplement a prospectus pursuant to Article 23 of the UK Prospectus Regulation.

For the purposes of the paragraph above, the expression an “offer to the public” in relation to the Units in the United Kingdom means the communication in any form and by any means of sufficient information on

the terms of the offer and any Units to be offered so as to enable an investor to decide to purchase or subscribe for any Units and the expression “**UK Prospectus Regulation**” means Regulation (EU) 2017/1129 as it forms part of domestic law by virtue of the European Union (Withdrawal) Act of 2018.

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 UK Prospectus Regulation) 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.

#### **ELIGIBILITY FOR INVESTMENT**

In the opinion of Gowling WLG (Canada) 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” under the Tax Act 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, either (i) the Warrants 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), or (ii) the Warrant Shares are qualified investments as described in (a) above and 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 “Shares” include Unit Shares and Warrant Shares unless otherwise indicated. This summary applies only to a purchaser who is a beneficial owner of 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 Shares and Warrants as capital property (a “**Holder**”).

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. For a Holder that is a Resident Holder (as defined below), Shares and Warrants will not be “Canadian securities” for purposes of the irrevocable election under subsection 39(4) of the Tax Act to treat all “Canadian securities” owned by a person as capital property and therefore, such election will not apply to the Shares or the Warrants.

This summary is not applicable to a Holder: (i) that is a “financial institution” for purposes of the mark-to-market rules in 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 the Tax Act to report its “Canadian tax results” as defined in the Tax Act in a currency other than Canadian currency; (iv) an interest in which is, or for whom a 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 purposes of the Tax Act; or (vi) that has entered, or will enter, into a “derivative forward agreement” or a “synthetic disposition arrangement” or a “dividend rental arrangement” (as each such term is defined in the Tax Act), in respect of Shares or Warrants. **Such Holders should consult their own tax advisors.**

Additional considerations, not discussed herein, may be applicable to a Holder that is a corporation resident in Canada, or a corporation that does not deal at “arm’s length” (within the meaning of the Tax Act) with a corporation resident in Canada, that is, or becomes as part of a transaction or event or series of transactions or events that includes the acquisition of the Units, controlled by a non-resident person (or group of non-resident persons that do not deal 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 own tax advisors.

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 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 \$1.80 subscription price for each Unit, it intends to allocate \$1.50 to each Unit Share and \$0.30 to each 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 cost of each Unit Share comprising a part of a Unit acquired by a Holder pursuant to this Offering will 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 acquisition for purposes of determining the adjusted cost base to a Holder of a Unit Share immediately following its 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. 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 for purposes of computing the adjusted cost base to a Holder of such Warrant Share immediately following its acquisition.

### **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 Resident Holder on its Shares will be included in computing the Resident Holder's income for the taxation year in which they are received. In the case of a Resident 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 Resident 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 Shares and Warrants

A Resident Holder who disposes of or is deemed to have disposed of a 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 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 Shares or realizes a capital gain on the disposition or deemed disposition of 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 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 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 Share or Warrant unless the 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 Share or Warrant (as applicable) will not constitute taxable Canadian property of a Non-Resident Holder provided that in the case of Shares, the 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 Shares or Warrants (as applicable), unless at any time during the 60 month period immediately preceding the disposition, the following two conditions have been satisfied concurrently: (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 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 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.

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 and the Concurrent Private Placement (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 Unit Shares, Warrants or Warrant Shares will continue to be qualified investments under relevant Canadian tax laws for trusts governed by RRSPs, RRIFs, deferred profit sharing plans, RESPs, RDSPs and TFSA. 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 and its 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 Company 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, arbitrary 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 five specific catchment basins for reservoirs used to supply water to Cuenca (the basins are located near the Tarqui, Yanuncay, Tomebamba, Machángara and Norcay rivers). None of the concessions comprising the Lost Cities – Cutucú Project are located in the Canton. In February 2021, during Ecuador's general elections, the citizens of Cuenca voted in favour of the referendum, hence in favour of prohibiting future large and medium-scale mining projects in the places described above. Pre-existing mining rights will not be affected, as the Constitutional rule declared that any decision of the referendum will not be retroactive. As such, concessions in respect of new large and medium-scale mining projects in the aforementioned five areas will 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. However, the Constitutional Court has set strict admission standards for the approval of these type of referendum requests, meaning that future petitions will have to comply with precise and technical legal requirements in order to comply with the standards set by the Constitutional Court.

The occurrence of any of these risks may adversely affect the mining industry and mineral exploration activities generally or the Company. 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. Guillermo Lasso became President of Ecuador after the second round of voting held on April 11, 2021, and has formed a centre-right, business friendly government.

In addition, changes in resource development or investment policies, increases in taxation rates, higher mining fees and royalty payments or shifts in political attitudes in Ecuador may adversely affect Aurania's business.

### **Financing Requirements and Going Concern**

The ability of the Company to continue operations in the normal course of business is dependent on the Company's ability to secure additional funding. While the Company's consolidated financial statements as at and for the period ended June 30, 2021 have been prepared on a going-concern basis, which contemplates the realization of assets and liquidation of liabilities during the normal course of operations, there are material uncertainties that may cast significant doubt upon the Company's ability to continue as a going concern and to realize its assets and discharge its liabilities in the normal course of business and, accordingly, the appropriateness of the use of accounting principles applicable to a going concern.

The Company has not yet achieved profitable operations. The Company is an exploration and development company with no source of operating cash flow, has not recorded any revenues from its operations to date, nor does it expect to generate any revenues from its operations for several years.

The Company's ability to continue operations in the normal course of business is dependent on several factors, including the Company's ability to secure funding. The recoverability of the amount capitalized to exploration and evaluation assets and to the options to acquire mineral interests is dependent upon the existence of economically recoverable reserves, the ability of the Company to obtain financing on favorable terms to continue to perform exploration activities or complete the development of its properties, where necessary, or, alternatively, upon the Company's ability to recover its incurred costs through a disposition of its interests, all of which are uncertain. These uncertainties may affect the ability of the Company to continue operations and meet its obligations and discharge its liabilities into the foreseeable future as a going concern and, accordingly, the ultimate appropriateness of the use of the accounting principles applicable to a going concern.

The Company has been able to raise adequate funding for its operations in the past; however, there is no assurance that this can be replicated in a timely manner. As such, management believes that there are material uncertainties that exist that may cast significant doubt upon the Company's ability to operate as a going concern.

There can be no assurance that the Company will generate any revenues or achieve profitability. There can be no assurance that the underlying assumed levels of expenses will prove to be accurate and that significant additional losses will not occur in the near future. The amounts and timing of expenditures will depend on the progress of ongoing exploration and development, the results of consultants' analysis and recommendations, the rate at which operating losses are incurred, the execution of any joint venture or similar agreements with strategic partners and other factors, many of which are beyond the Company's control.

### **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: (i) negatively impact levels of investment in exploration at the Company’s Lost Cities – Cutucú Project; (ii) 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; (iii) lead to prolonged unscheduled shutdowns of assaying laboratories and other facilities relied on by the Company for its exploration activities; (iv) lead to prolonged disruptions in provision of airborne or other surveying services; and (v) lead to 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.

**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 Gowling WLG (Canada) 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 Gowling WLG (Canada) 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. Keith 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, 19,890,028 Common Shares, representing approximately, 42% 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 McQuat 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.

Dr. 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 geologist of WGM, under the direction of Dr. Page, conducted a site visit of the Lost Cities – Cutucú Project throughout the month of August 2019 for the purpose of collecting additional WGM check samples. 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, Warren Gilman, Jonathan Kagan and Nathalie Han, 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 RESCISSION**

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 advisor.

**CERTIFICATE OF THE COMPANY**

Dated: October 5, 2021

This amended and restated short form prospectus, together with the documents incorporated by reference herein, constitutes full, true and plain disclosure of all material facts relating to the securities offered by this amended and restated short form 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) "*Jonathan Kagan*"  
Director  
Jonathan Kagan

## CERTIFICATE OF THE PROMOTER

Dated: October 5, 2021

This amended and restated short form prospectus, together with the documents incorporated by reference herein, 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 5, 2021

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

### **CANTOR FITZGERALD CANADA CORPORATION**

(signed) "*Elan Shevel*"  
Elan Shevel  
Chief Compliance Officer

### **CANACCORD GENUITY CORP.**

(signed) "*Earle McMaster*"  
Earle McMaster  
Managing Director, Investment Banking

### **ECHELON WEALTH PARTNERS INC.**

(signed) "*Jason Yeung*"  
Jason Yeung  
Managing Director, Investment Banking