



Condensed Consolidated Interim Financial Statements of

AURION RESOURCES LTD.

For the three and nine months ended September 30, 2017 and 2016



NOTICE OF NO AUDITOR REVIEW OF INTERIM FINANCIAL STATEMENTS

The accompanying unaudited condensed consolidated interim financial statements of Aurion Resources Ltd. for the three and nine months ended September 30, 2017 and 2016 have been prepared by and are the responsibility of the Company's management.

The Company's independent auditors have not performed a review of these financial statements in accordance with the standards established by the Canadian Institute of Chartered Accountants for a review of interim financial statements by an entity's auditor.

AURION RESOURCES LTD.

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AURION RESOURCES LTD.**Condensed Consolidated Interim Statements of Financial Position****(Expressed in Canadian Dollars - unaudited)**

	As at September 30, 2017	As at December 31, 2016
	\$	\$
ASSETS		
CURRENT		
Cash	16,538,072	666,662
Short-term investments	5,561,748	526,748
Reclamation deposit	52,204	30,040
Receivables	300,396	125,883
Prepaid expenses	62,975	11,272
Marketable securities (Note 5)	408,170	361,952
	22,923,565	1,722,557
EXPLORATION AND EVALUATION ASSETS (Note 7)	4,736,603	2,065,170
PROPERTY AND EQUIPMENT (Note 8)	96,306	2,213
	27,756,474	3,789,940
LIABILITIES		
CURRENT		
Trade payables and accrued liabilities	695,775	161,878
SHAREHOLDERS' EQUITY (Note 9)	27,060,699	3,628,062
	27,756,474	3,789,940

BASIS OF PREPARATION (Note 2)

AUTHORIZED FOR ISSUE BY THE BOARD OF DIRECTORS on November 29, 2017:

"Richard Graham" Director"Michael Basha" Director

See accompanying notes to the consolidated financial statements

AURION RESOURCES LTD.**Condensed Consolidated Interim Statements of Operations and Comprehensive Loss**

(Expressed in Canadian Dollars - unaudited)

	For the three months ended September 30, 2017	For the three months ended September 30, 2016	For the nine months ended September 30, 2017	For the nine months ended September 30, 2016
			\$	\$
INCOME				
Interest income	20,871	56	51,784	131
Administration fee income	-	21,838	-	54,271
	20,871	21,893	51,784	54,402
EXPENSES				
Share-based payments (Notes 9 and 11)	-	155,796	3,144,110	301,694
General and administrative	139,733	30,891	336,090	105,710
Wages and benefits (Note 11)	95,762	35,860	270,491	116,332
Write-down of exploration and evaluation assets (Note 7)	79,304	6,246	121,811	11,293
Professional fees	46,996	11,814	102,400	37,285
Accounting	8,311	1,690	24,615	5,666
Consulting fees (Note 11)	2,625	7,500	15,825	22,350
Interest and bank charges	3,164	12,900	7,134	32,325
Depreciation (Note 8)	11,437	639	16,500	2,359
Unrealized (gain) loss on marketable securities (Note 5)	(5,924)	2,350	(46,218)	2,350
Foreign exchange (gain) loss	4,206	940	(16,357)	7,882
Gain on sale of marketable securities (Note 5)	-	-	-	(3,891)
	(385,613)	(266,626)	(3,976,401)	(641,355)
NET LOSS AND COMPREHENSIVE LOSS FOR THE PERIOD	(364,742)	(244,732)	(3,924,617)	(586,953)
LOSS PER COMMON SHARE - BASIC AND DILUTED	(0.006)	(0.005)	(0.064)	(0.013)
WEIGHTED AVERAGE NUMBER OF COMMON SHARES OUTSTANDING - BASIC AND DILUTED	62,133,268	48,829,172	60,913,566	43,511,866

See accompanying notes to the consolidated financial statements

AURION RESOURCES LTD.

Condensed Consolidated Interim Statements of Changes in Shareholders' Equity

(Expressed in Canadian Dollars - unaudited)

		Share capital	Warrants	Share-based payment reserve	Expired stock options and warrants reserve	Deficit	Total Equity
	Number of shares	\$	\$	\$	\$	\$	\$
Balance, December 31, 2015	44,750,641	7,727,846	-	350,343	3,036,911	(9,934,083)	1,181,017
Total comprehensive loss for September 30, 2016						(586,953)	(586,953)
Shares issued for private placements	6,312,500	2,525,000	-	-	-	-	2,525,000
Shares issued for property acquisition	3,976,750	316,977	-	-	-	-	316,977
Exercise of stock options	100,000	15,404	-	(5,404)	-	-	10,000
Expiry of stock options	-	-	-	(246,136)	246,136	-	-
Share-based payments	-	-	-	301,694	-	-	301,694
Share issuance costs	-	(163,310)	-	-	-	-	(163,310)
Balance, September 30, 2016	55,139,891	10,421,917	-	400,497	3,283,047	(10,521,036)	3,584,425
Balance, December 31, 2016	55,277,391	10,679,466	-	368,888	3,294,203	(10,714,495)	3,628,062
Total comprehensive loss for September 30, 2017						(3,924,617)	(3,924,617)
Shares issued for private placements	12,637,497	24,576,116	-	-	-	-	24,576,116
Shares issued for property acquisition	83,072	139,910	-	-	-	-	139,910
Exercise of stock options	650,000	157,446	-	(61,446)	-	-	96,000
Exercise of finders' warrants	17,766	50,135	(23,485)	-	-	-	26,650
Share-based payments	-	-	-	3,144,110	-	-	3,144,110
Share issuance costs	-	(1,083,794)	458,263	-	-	-	(625,531)
Balance, September 30, 2017	68,665,726	34,519,279	434,778	3,451,552	3,294,203	(14,639,112)	27,060,699

See accompanying notes to the consolidated financial statements

AURION RESOURCES LTD.**Condensed Consolidated Interim Statements of Cash Flows****(Expressed in Canadian Dollars - unaudited)**

	For the nine months ended September 30, 2017	For the nine months ended September 30, 2016
	<u>\$</u>	<u>\$</u>
OPERATING ACTIVITIES		
Net loss	(3,924,617)	(586,953)
Items not affecting cash:		
Depreciation	16,500	2,359
Interest income	(51,784)	(131)
Unrealized gain on marketable securities	(46,218)	2,350
Gain on sale of marketable securities	-	(3,891)
Share-based payments	3,144,110	301,694
Write-down of exploration and evaluation assets	121,811	11,293
Changes in non-cash operating working capital (Note 10)	353,706	(93,125)
	(386,492)	(366,405)
INVESTING ACTIVITIES		
Exploration and evaluation expenditures, net	(2,653,335)	(194,660)
Interest income received	5,759	131
Short-term investments	(5,035,000)	-
Reclamation deposit	(22,164)	-
Purchase of property and equipment	(110,593)	-
Proceeds from sale of marketable securities	-	73,891
	(7,815,333)	(120,638)
FINANCING ACTIVITIES		
Proceeds from issuance of share capital - net	24,073,234	2,371,690
Repayment of promissory notes	-	(413,000)
Proceeds from promissory notes	-	170,000
	24,073,234	2,128,690
INCREASE (DECREASE) IN CASH	15,871,410	1,641,647
CASH, BEGINNING OF YEAR	666,662	11,066
CASH, END OF PERIOD	16,538,072	1,652,713

SUPPLEMENTAL CASH FLOW INFORMATION (NOTE 10)

See accompanying notes to the consolidated financial statements

AURION RESOURCES LTD.

Notes to the Condensed Consolidated Interim Financial Statements

For the three and nine months ended September 30, 2017 and 2016

(Expressed in Canadian Dollars - unaudited)

1. DESCRIPTION OF BUSINESS

Aurion Resources Ltd. (the “Company”) was incorporated under the *Business Corporations Act (Alberta)* on April 6, 2006 and listed on the TSX Venture Exchange (the “Exchange”) on October 3, 2008. The Company has its registered head office at 1900, 520-3rd Avenue S W, Calgary, Alberta, Canada, and its principal office is 120 Torbay Road, Suite W240, St. John’s, Newfoundland and Labrador, Canada. Aurion and its wholly-owned subsidiaries, Minera Aurion de Mexico S.A. de C.V., Aurion Resources (US) LLC, Aurion Resources AB and Aurion Resources Oy (together the “Company”) are engaged in the evaluation, acquisition and exploration of mineral properties in Canada, Mexico, the United States, Sweden and Finland. The Company plans to ultimately develop the properties, bring them into production, option or lease properties to third parties, or sell the properties outright. The Company has not determined whether these properties contain ore reserves that are economically recoverable and the Company is considered to be in the exploration stage.

These condensed consolidated interim financial statements (the “financial statements”) for the three and nine months ended September 30, 2017 were authorized for issuance by the Board of Directors of the Company on November 29, 2017.

2. BASIS OF PREPARATION

Statement of compliance

These financial statements are unaudited and have been prepared in accordance with IAS 34, Interim Financial Reporting, (“IAS 34”), using accounting policies consistent with the International Financial Reporting Standards (“IFRS”) issued by the International Accounting Standards Board (“IASB”) and Interpretations of the International Financial Reporting Interpretations Committee (“IFRIC”).

Basis of consolidation and presentation

These financial statements reflect the financial position, results of operations and cash flows of the Company and its wholly owned subsidiaries: Minera Aurion de Mexico S.A. de C.V., Aurion Resources (US) LLC, Aurion Resources AB and Aurion Resources Oy. All inter-company transactions and balances have been eliminated upon consolidation.

The financial statements of the Company have been prepared in accordance with IFRS on a going concern basis, which contemplates the realization of assets and the settlement of liabilities and commitments in the normal course of business. The Company does not have any proven economically recoverable reserves, has continuous losses, and at September 30, 2017, the Company had an accumulated deficit of \$14,639,112 (December 31, 2015 - \$10,714,495). However, management has assessed that the working capital is sufficient for the Company to continue as a going concern beyond one year. The success of the Company and the recoverability of exploration costs are dependent upon the existence of economically recoverable reserves, the ability of the Company to obtain financing to fund and complete the development of such reserves, the ability of the Company to satisfy obligations as they come due and upon future profitable production from the properties or proceeds from disposition. The Company’s ability to raise additional funds is dependent on favourable conditions in equity and alternative investment markets, which are volatile and subject to significant uncertainty.

AURION RESOURCES LTD.

Notes to the Condensed Consolidated Interim Financial Statements

For the three and nine months ended September 30, 2017 and 2016

(Expressed in Canadian Dollars - unaudited)

2. BASIS OF PREPARATION (Continued)

The amounts shown as exploration and evaluation assets represent net costs to date less write-offs and do not necessarily represent present or future values. Although the Company has taken steps to verify title to mineral properties in which it has an interest, in accordance with industry standards for the current stage of exploration of such properties, these procedures do not guarantee the Company's title. Property title may be subject to unregistered prior agreements or transfers and may be affected by undetected defects. If the going concern assumption was not appropriate for these financial statements, adjustments would be necessary to the carrying value of assets and liabilities, the reported net loss and the statement of financial position classifications used.

Basis of measurement

These financial statements have been prepared on a historical cost basis, except for financial assets classified as at fair value through profit or loss, which are measured at fair value. Additionally, these consolidated financial statements have been prepared using the accrual basis of accounting, except for cash flow information.

Currency of presentation

All amounts are expressed in Canadian dollars, unless otherwise stated.

3. SIGNIFICANT ACCOUNTING POLICIES

These financial statements should be read in conjunction with the Company's annual consolidated financial statements and accompanying notes for the year ended December 31, 2016. These financial statements have been prepared using the same accounting policies as described in the Company's December 31, 2016 annual consolidated financial statements.

4. CAPITAL MANAGEMENT

The capital structure of the Company consists of capital and equity comprising share capital, warrants, reserves and deficit. The Company manages its capital structure and makes adjustments to it, based on the funds available to the Company, in order to support the acquisition, exploration and development of mineral properties. The Board of Directors does not establish quantitative return on capital criteria for management, but rather relies on the expertise of the Company's management to sustain future development of the business. The properties in which the Company has an interest are in the exploration stage; as such, the Company has historically relied on the equity markets to fund its activities. The Company will continue to assess new properties and seek to acquire an interest in additional properties if it feels there is sufficient geologic or economic potential and if it has adequate financial resources to do so. Management reviews its capital management approach on an ongoing basis which remains unchanged from the year ended December 31, 2016. The Company is not subject to externally imposed capital requirements.

AURION RESOURCES LTD.

Notes to the Condensed Consolidated Interim Financial Statements

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(Expressed in Canadian Dollars - unaudited)

5. MARKETABLE SECURITIES

Marketable securities consist of common shares listed on an active market that have been received pursuant to mineral property option agreements (Note 7). Changes in marketable securities outstanding are as follows:

	Total \$
<u>Cost</u>	
December 31, 2015	86,920
Additions	-
Disposals	(70,000)
<hr/> September 30, 2016	<hr/> 16,920
<u>Fair Value</u>	
December 31, 2015	76,210
Additions	-
Disposals	(73,891)
Realized gain	3,891
Unrealized loss	-
<hr/> September 30, 2016	<hr/> 6,210
<u>Cost</u>	
December 31, 2016	373,920
Additions	-
Disposals	-
<hr/> September 30, 2017	<hr/> 373,920
<u>Fair Value</u>	
December 31, 2016	361,952
Additions	-
Disposals	-
Realized gain	-
Unrealized gain	46,218
<hr/> September 30, 2017	<hr/> 408,170

The valuation of these shares has been determined in whole by reference to the bid price of the shares on the Exchange or the Canadian Securities Exchange ("CSE") at each reporting period.

AURION RESOURCES LTD.

Notes to the Condensed Consolidated Interim Financial Statements

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6. FINANCIAL INSTRUMENTS

Financial instruments recorded at fair value on the statement of financial position are classified using a fair value hierarchy that reflects the significance of the inputs used in making the measurements. The fair value hierarchy has the following levels:

Level 1 – valuation based on quoted prices (unadjusted) observed in active markets for identical assets or liabilities

Level 2 – valuation techniques based on inputs that are quoted prices or similar instruments in active markets; inputs other than quoted prices used in a valuation model that are observable for that instrument; and inputs that are derived principally from or corroborated by observable market data by correlation or other means

Level 3 – valuation techniques with significant unobservable market inputs

The Company does not have any level 2 or 3 fair value measurements, and there have been no transfers between levels.

As at September 30, 2017	Level 1	Level 2	Level 3	Total financial assets at fair value
Financial assets	\$	\$	\$	\$
Cash	16,538,072	-	-	16,538,072
Short-term investments	5,561,748	-	-	5,561,748
Marketable securities	408,170	-	-	408,170
Total financial assets	22,507,990	-	-	22,507,990

Financial Risk Factors

The Company has exposure to credit risk, liquidity risk and market risk. The Company's Board of Directors has the overall responsibility for the oversight of these risks and reviews the Company's policies on an ongoing basis to ensure that these risks are appropriately managed, which are summarized below:

Credit risk

Credit risk is the risk of loss associated with a counterparty's inability to fulfill its payment obligations. The Company's credit risk is primarily attributable to receivables, which is mainly comprised of government tax refunds. Management believes that the credit risk concentration with respect to financial instruments included in the receivables is not significant. The Company holds cash and invests it in interest bearing deposit accounts at its financial institution. Management believes that the associated credit risk for its invested cash is low.

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(Expressed in Canadian Dollars - unaudited)

6. FINANCIAL INSTRUMENTS (Continued)

Liquidity risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they become due. As at September 30, 2017, the Company had cash of \$16,538,072 to settle current liabilities of \$695,775. To the extent that the Company does not believe it has sufficient liquidity to meet its current obligations, the Board of Directors considers securing additional funds through equity or partnering transactions. All of the Company's financial liabilities are short-term in nature and are subject to normal trade terms.

Market risk

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

(a) Interest rate risk – The Company has cash balances subject to interest rate risk. The Company's current policy is to invest excess cash in either interest bearing deposit accounts or Guaranteed Income Certificates ("GICs") issued by its financial institutions. As of September 30, 2017, the Company held deposits in a short-term savings accounts at a variable interest rate. A 0.5% change in interest rates would change the Company's net loss by approximately \$82,690. Management believes it has minimal exposure to interest rate risk.

(b) Foreign exchange risk - The Company transacts certain business in Euro, Swedish Kroner, U.S. Dollars and Mexican Pesos, and therefore is subject to foreign exchange risk on certain receivables, trade payables and cash balances. The Company attempts to mitigate these risks by managing its foreign exchange inflows and outflows. No hedging instruments have been used by the Company, however, depending upon the nature and level of future foreign exchange transactions, consideration may be given to the use of hedging instruments. The Company believes that it adequately manages its foreign exchange risk, and the risk is minimal.

The following table shows the net exposures in US dollars, Swedish Kroner and Euro at September 30, 2017.

	US\$	Euro	SEK
Cash	3,295	496,363	550,000
Trade payables	-	(222,995)	(102,588)
Net currency exposure	<u>3,295</u>	<u>273,368</u>	<u>447,412</u>

Based on the above currency exposures, a 10% change in the value of each currency to the value of the Canadian dollar would impact the Company's net loss by:

	US\$	Euro	SEK
	<u>330</u>	<u>27,337</u>	<u>44,741</u>

(c) Equity risk – The Company is exposed to market risk because of the fluctuating values of its publicly traded marketable securities. The Company has no control over these fluctuations and does not hedge its

AURION RESOURCES LTD.

Notes to the Condensed Consolidated Interim Financial Statements

For the three and nine months ended September 30, 2017 and 2016

(Expressed in Canadian Dollars - unaudited)

6. FINANCIAL INSTRUMENTS (Continued)

investments. Based on the September 30, 2017 value of the marketable securities every 10% increase or decrease in the share prices of these companies would have impacted the loss for the period, up or down, by approximately \$40,817 before income taxes.

7. EXPLORATION AND EVALUATION ASSETS

As at September 30, 2017

Geographical Area	Balance, Beginning of	Additions	Receipts	Properties	Balance,
	Year		From Partners	written down	End of Period
	\$	\$	\$	\$	\$
Finland	1,642,844	2,416,660	-	(100,625)	3,958,879
Sweden	-	299,357	-	(15,748)	283,609
United States	422,326	71,789	-	-	494,115
Mexico	-	5,438	-	(5,438)	-
	<u>2,065,170</u>	<u>2,793,244</u>	<u>-</u>	<u>(121,811)</u>	<u>4,736,603</u>

As at December 31, 2016

Geographical area	Balance, Beginning of	Additions	Receipts	Properties	Balance,
	Year		From Partners	Written Down	End of Year
	\$	\$	\$	\$	\$
Finland	911,656	1,094,165	(357,000)	(5,977)	1,642,844
United States	420,887	1,558	-	(119)	422,326
Mexico	-	5,418	-	(5,418)	-
	<u>1,332,543</u>	<u>1,101,141</u>	<u>(357,000)</u>	<u>(11,514)</u>	<u>2,065,170</u>

- (a) On August 13, 2015, the Company signed a binding Letter Agreement with B2Gold, granting B2Gold the right to earn up to an undivided 75% interest of an approximately 25,000 ha project area that includes the Kutuvuoma and Ahvenjarvi projects in Finland.

On January 18, 2016, the Company formalized a definitive Option Agreement with B2Gold consistent with the terms of the binding Letter agreement signed on August 12, 2015.

AURION RESOURCES LTD.

Notes to the Condensed Consolidated Interim Financial Statements

For the three and nine months ended September 30, 2017 and 2016

(Expressed in Canadian Dollars - unaudited)

7. EXPLORATION AND EVALUATION ASSETS (Continued)

Under the terms of the Option Agreement B2Gold must complete \$5,000,000 in exploration expenditures, pay the Company \$50,000 cash and issue 550,000 B2Gold shares over 4 years to earn an initial 51% interest. B2Gold can earn an additional 19% interest by spending a further \$10,000,000 over 2 years. B2Gold can earn an additional 5% interest (for a total of 75%) by completing a bankable feasibility study. The Company received a total of 150,000 B2Gold shares to September 30, 2017 (Note 5). A finder's fee with respect to this transaction, was approved by the Exchange and paid by the Company (Note 9).

- (b) On January 6, 2011, the Company signed an Option Agreement with Genesis, whereby it has an option to purchase a 100% interest in the Bull Property in east-central Nevada, subject to a 2% NSR, by making annual cash payments starting at US\$10,000 (paid) increasing to a maximum US\$125,000 beginning in year 6. The option to purchase can be executed at any time by making a one-time cash payment of US\$3,000,000 less any payments already made.

On December 17, 2015, the Company signed a Letter Agreement to amend the terms of the Bull Option Agreement. Under the terms of the amendment, the lease payment for 2016 was reduced to US\$10,000 and the lease payments for the years 2017 through 2027 were to remain at US\$125,000 per year.

On November 5, 2016, the Company signed a Letter Agreement to amend the terms of the Bull Property Option Agreement with Genesis for the second time. Under the terms of the amendment, the lease payment for 2017 will be waived and the lease payments for the years 2018 through 2027 will remain at US\$125,000 per year.

On October 18, 2016, the Company received notice of termination of the Exploration, Development and Mine Operating Agreement entered into on November 12, 2012 with Midway Gold US Inc. for the Bull property in Nevada.

- (c) On December 5, 2016, the Company entered into an agreement with Tertiary Minerals plc ("Tertiary") for the purchase of two gold projects in Northern Finland known as the Kaasselka and Kiekeromaa prospects. The Company paid £15,000 in cash and issued £85,000 in common shares (Note 9) for a 100% ownership interest in both projects subject to certain royalties including a Pre-Production Royalty of US\$1.00 to \$3.00/ounce gold following the definition of a NI 43-101 (or equivalent) Code compliant Inferred, Indicated and/or Measured Mineral Resources Estimate respectively, on either project. Tertiary will retain a 2% NSR royalty on all future gold production from either project of which the Company can purchase 50% of the NSR from Tertiary for US\$1,000,000 at any time prior to commencement of commercial production on either project.

AURION RESOURCES LTD.

Notes to the Condensed Consolidated Interim Financial Statements

For the three and nine months ended September 30, 2017 and 2016

(Expressed in Canadian Dollars - unaudited)

8. PROPERTY AND EQUIPMENT

	Leasehold Improvements	Computers	Furniture and Equipment	Total
	\$	\$	\$	\$
Cost:				
At December 31, 2016	13,641	34,999	13,264	61,904
Additions	-	105,263	5,330	110,593
Disposals	13,641	-	-	13,641
At September 30, 2017	-	140,262	18,594	158,856
Depreciation:				
At December 31, 2016	13,641	32,786	13,264	59,691
Additions	-	16,278	222	16,500
Disposals	13,641	-	-	13,641
At September 30, 2017	-	49,064	13,486	62,550
Carrying value:				
At December 31, 2016	-	2,213	-	2,213
At September 30, 2017	-	91,198	5,108	96,306

	Leasehold Improvements	Computers	Furniture and Equipment	Total
	\$	\$	\$	\$
Cost:				
At December 31, 2015	13,641	33,233	13,264	60,138
Additions	-	1,766	-	1,766
Disposals	-	-	-	-
At December 31, 2016	13,641	34,999	13,264	61,904
Depreciation:				
At December 31, 2015	12,225	31,531	12,345	56,101
Additions	1,416	1,255	919	3,590
Disposals	-	-	-	-
At December 31, 2016	13,641	32,786	13,264	59,691
Carrying value:				
At December 31, 2015	1,416	1,702	919	4,037
At December 31, 2016	-	2,213	-	2,213

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Notes to the Condensed Consolidated Interim Financial Statements

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9. SHAREHOLDERS' EQUITY

Share Capital

Authorized

An unlimited number of common shares with no par value

An unlimited number of preferred shares issuable in series

On February 3, 2017, the Company issued 50,000 common shares pursuant to the exercise of stock options for gross proceeds of \$13,000 (\$0.26 per share). The Company also recorded a fair value transfer between share-based payments reserve and share capital of \$ 2,791 in connection with the exercise.

On February 24, 2017, the Company issued 5,783,997 common shares at \$1.50 per share for gross proceeds of \$8,675,996 pursuant to a non-brokered private placement. With respect to this transaction, cash finders' fees of \$520,560, being 6% of the proceeds were paid and 347,039 finders warrants were issued, being 6% of the number of common shares issued. The fair value of the finders' warrants granted was estimated at \$458,763 (\$1.32 per warrant) based on the Black-Scholes option pricing model, with the following assumptions: risk-free interest rate of .75%, volatility of 200%, dividend yield of 0%, forfeiture rate of 0%, and an expected life of 2 years. The Company incurred other costs of \$ 59,140 for total share issuance costs in connection with the non- brokered private placement of \$1,037,963.

On March 14, 2017, the Company issued 83,072 common shares to Tertiary valued at \$1.68 per share (total value of \$139,561) for the purchase of two gold projects from Tertiary pursuant to the terms of a purchase agreement dated December 1, 2016 (Note 7(c)).

On March 27, 2017, the Company issued 25,000 common shares pursuant to the exercise of stock options for gross proceeds of \$6,250 (\$0.25 per share). The Company also recorded a fair value transfer between share-based payments reserve and share capital of \$12,983 in connection with the exercise.

On April 3, 2017, the Company issued 575,000 common shares pursuant to the exercise of stock options for gross proceeds of \$76,750 (\$0.13 per share). The Company also recorded a fair value transfer between share-based payments reserve and share capital of \$45,672 in connection with the exercise.

On September 13, 2017, the Company issued 6,853,500 common shares at \$2.32 per share for gross proceeds of \$15,900,120 pursuant to a non-brokered private placement. The Company incurred share issuance costs of \$ 45,830 in connection with the non- brokered private placement.

On September 14, 2017, the Company issued 17,766 common shares pursuant to the exercise of warrants for gross proceeds of \$26,649 (\$1.50 per share). The Company also recorded a fair value transfer between share-based payments reserve and share capital of \$23,485 in connection with the exercise.

Issued during the year ended December 31, 2016:

On April 29, 2016, the Company issued 1,476,750 common shares valued at \$0.13 per share (total value of \$191,978) as a finders' fee for the B2Gold agreement (Note 7(a)).

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Notes to the Condensed Consolidated Interim Financial Statements

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(Expressed in Canadian Dollars - unaudited)

9. SHAREHOLDERS' EQUITY (Continued)

On May 20, 2016, the Company issued 2,500,000 common shares to Dragon valued at \$0.135 per share (total value of \$337,500) as the final instalment of shares due pursuant to the terms of the Purchase Agreement dated May 26, 2014 and the subsequent amendment to the Purchase Agreement dated March 3, 2015.

On August 8, 2016, the Company issued 100,000 common shares pursuant to the exercise of stock options for gross proceeds of \$10,000 (\$0.10 per share). The Company also recorded a fair value transfer between share-based payments reserve and share capital of \$5,404 in connection with the exercise.

On September 23, 2016, the Company issued 2,562,500 common shares at \$0.40 per share for gross proceeds of \$1,025,000 pursuant to a brokered private placement. A cash finders' fee of \$61,500, being 6% of the proceeds was paid with respect to this transaction. The Company also incurred other share issuance costs of \$49,156 in connection with the brokered private placement.

On September 28, 2016, the Company issued 3,750,000 common shares at \$0.40 per share for gross proceeds of \$1,500,000 pursuant to a non-brokered private placement. The Company incurred share issuance costs of \$62,433 in connection with the non-brokered private placement.

On December 20, 2016, the Company issued 137,500 common shares pursuant to the exercise of stock options for gross proceeds of \$34,375 (\$0.25 per share). The Company also recorded a fair value transfer between share-based payment reserve and share capital of \$20,453 in connection with the exercise.

Preferred shares

The preferred shares which have been authorized may be issued in one or more series and the directors are authorized to fix the number of shares in each series and to determine the designation, rights, privileges, restrictions and conditions attached to the shares of each series. No preferred shares have been issued from incorporation to September 30, 2017.

Stock options

The Company has a Stock Option Plan under which options to purchase common shares in the Company may be granted to directors, officers, key employees and consultants of the Company. The maximum number of options which may be granted to directors, officers, key employees and consultants of the Company, under the stock option plan is equivalent to 10% of the issued and outstanding common shares of the Company. The exercise price for the options is set by the Company at an amount equal to the Exchange trading price on the day preceding the date the options are granted, less any applicable discount as permitted by the Exchange policies as decided by the Company. The exercise period for the options is determined by the Company at the time the options are granted and shall not exceed ten years. Vesting terms for the options are also determined by the Company at the time of grant. Changes in stock options outstanding are as follows:

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9. SHAREHOLDERS' EQUITY (Continued)

	For the period ended September 30, 2017		
	Number	Amount (\$)	Weighted- Average Exercise Price
Balance, December 31, 2016	3,550,000	368,888	0.14
Granted	2,175,000	3,144,110	1.75
Exercised	(650,000)	(61,446)	(0.15)
Expired	-	-	-
Balance, September 30, 2017	5,075,000	3,451,552	0.83

	December 31, 2016		
	Number	Amount (\$)	Weighted- Average Exercise Price \$
Balance, December 31, 2015	1,212,500	350,343	0.41
Granted	3,300,000	301,694	0.13
Exercised	(237,500)	(25,857)	0.19
Expired	(725,000)	(257,292)	0.52
Balance, December 31, 2016	3,550,000	368,888	0.14

The following table summarizes information about stock options outstanding and exercisable:

Exercise Price Range \$	Total Outstanding Options			Total Exercisable Options		
	Number of Outstanding Options	Remaining Contractual Life	Weighted- Average Strike Price \$	Number of Exercisable Options	Remaining Contractual Life	Weighted- Average Strike Price \$
0.10 - 0.50	2,900,000	3.11	0.14	2,900,000	3.11	0.14
0.51 - 1.75	2,175,000	4.53	1.75	2,175,000	4.53	1.75
	5,075,000	3.72	0.83	5,075,000	3.72	0.83

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9. SHAREHOLDERS' EQUITY (Continued)

Share-based payment reserve

The stock option reserve records items recognized as share-based compensation expense until such time that the stock options are exercised, at which time the corresponding amount will be transferred to share capital.

During the nine months ended September 30, 2017, the Company recorded share-based payment expense of \$3,144,110, which represents the fair value of stock options vested, granted and accrued with offsetting amount credited to reserves.

On April 12, 2017, the Company granted 2,175,000 stock options to directors, officers, employees and consultants, exercisable at a price of \$1.75 per shares until April 12, 2022. The fair value of the stock options granted was estimated at \$3,144,110 (\$1.45 per option) based on the Black-Scholes option pricing model, with the following assumptions: risk-free interest rate of 9%, volatility of 147.9%, dividend yield of 0%, forfeiture rate of 0%, and an expected life of 5 years.

During the year ended December 31, 2016 the Company recorded share-based payment expense of \$301,694, which represents the fair value of stock options vested, granted and accrued during the year with the offsetting amount credited to reserves.

On January 19, 2016, the Company granted 2,700,000 options to directors, officers and consultants, exercisable at \$0.10 per share until January 19, 2021. The fair value of the stock options granted was estimated at \$145,897 (\$0.054 per option) based on the Black-Scholes option pricing model, with the following assumptions: risk-free interest rate of .63%, volatility of 158.3%, dividend yield of 0%, forfeiture rate of 0%, and an expected life of 5 years.

On July 1, 2016, the Company granted 600,000 options to employees and consultants, exercisable at \$0.26 per share until July 1, 2021. The fair value of the stock options granted was estimated at \$155,796 (\$0.260 per option) based on the Black-Scholes option pricing model, with the following assumptions: risk-free interest rate of .60%, volatility of 155.3%, dividend yield of 0%, forfeiture rate of 0%, and an expected life of 5 years.

During the year ended December 31, 2016, a total of 725,000 stock options expired unexercised (2015 – 805,000 stock options). The Company transferred \$257,292 (2015 - \$186,959) between reserves in connection with these expirations.

Expired stock options and warrants reserve

The expired stock options and warrants reserve records the value of any stock options or warrants that have expired unexercised.

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(Expressed in Canadian Dollars - unaudited)

9. SHAREHOLDERS' EQUITY (Continued)

Warrants

Changes in warrants outstanding are as follows:

	As at September 30, 2017		
	Number	Amount (\$)	Weighted- Average Exercise Price \$
Balance, December 31, 2016	-	-	-
Issued	347,039	458,763	1.50
Exercised	(17,766)	(23,485)	1.50
Balance, September 30, 2017	329,273	435,278	1.50

10. SUPPLEMENTAL CASH FLOW INFORMATION

	For the nine months ended September 30, 2017	For the nine months ended September 30, 2016
	\$	\$
<i>Non-cash investing and financing activities</i>		
Acquisition of mineral properties for share consideration	139,910	316,977
Exploration and evaluation costs remaining in trade payables and accrued liabilities	485,377	47,158
	625,287	364,135

	For the nine months ended September 30, 2017	For the nine months ended September 30, 2016
	\$	\$
<i>Changes in non-cash operating working capital</i>		
Change in receivables	(174,513)	(43,588)
Change in prepaid expenses	(51,703)	193
Change in trade payables and accrued liabilities	533,897	84,847
Interest income accrued	46,025	-
	353,706	41,452

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11. RELATED PARTY TRANSACTIONS

The following represents a summary of transactions with key management of companies controlled by key management of the Company:

	Three months ended September 30,		Nine months ended September 30,	
	2017	2016	2017	2016
	\$	\$	\$	\$
Paid to D.R. Loveys & Associates Inc., a company controlled by the CFO:				
Accounting and management consulting services provided by David Loveys	1,800	7,500	15,000	23,350
Amounts expensed as:				
Consulting Fees	1,800	7,500	15,000	23,350
Paid to Goodland Buckingham LLP , a company in which a Corporate Director is a partner:				
Legal services provided by Dennis Clarke	-	1,000	3,185	1,000
Amounts expensed as:				
Professional fees	-	1,000	3,185	1,000
Compensation for key management personnel not included above:				
Michael Basha	42,500	32,500	364,400	124,500
David Loveys	-	-	108,450	16,200
Dennis Clarke	-	-	108,450	16,200
	42,500	32,500	581,300	156,900
Amounts expensed as:				
Salary and other short term benefits for the CEO (expensed)	42,500	19,500	147,500	97,500
Share-based compensation (expensed)	-	-	433,800	59,400
Capitalized in exploration and evaluation assets	-	13,000	-	-
	42,500	32,500	581,300	156,900
Received from a shareholder,	-	65,000	-	170,000
Amounts disclosed as:				
Promissory Notes	-	65,000	-	170,000