



**Management's Discussion & Analysis of  
Financial Conditions & Results of Operations**

**September 30, 2019**

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### **Background**

This discussion and analysis of financial position and results of operations of Aurion Resources Ltd. (the "Company" or "Aurion") is prepared as of November 26, 2019 and should be read in conjunction with the condensed consolidated interim financial statements for the three and nine months ended September 30, 2019 where necessary. All dollar figures included therein and in the following Management's Discussion and Analysis ("MD&A") are quoted in Canadian dollars unless otherwise indicated.

Additional information relevant to the Company's activities can be found on SEDAR at [www.sedar.com](http://www.sedar.com).

### **Forward-Looking Statements**

Certain statements contained in the following MD&A constitute forward-looking statements. Such forward-looking statements involve a number of known and unknown risks, uncertainties and other factors which may cause the actual results, performance or achievements of the Company to be materially different from any future results, performance or achievements expressed or implied by such forward-looking statements. Readers are cautioned not to place undue reliance on these forward-looking statements.

### **Company Overview**

Aurion Resources Ltd. (Aurion), is a Canadian exploration company listed on the TSX Venture Exchange (TSX-V:AU). Aurion's strategy is to generate or acquire early stage precious metals exploration opportunities and advance them through direct exploration by our experienced team or by business partnerships and joint venture arrangements. Aurion's current focus is exploring on its Flagship Risti and Launi projects, as well as advancing joint venture arrangements with Kinross Gold Corp., B2 Gold Corp., and Strategic Resources Inc. in Finland.

Aurion Resources Ltd. (the "Company") was incorporated under the *Business Corporations Act (Alberta)* on April 6, 2006 and was continued into British Columbia on August 10, 2018 under the *Business Corporations Act (British Columbia)*. The Company was listed the TSX Venture Exchange ("Exchange") on October 3, 2008. Aurion and its wholly-owned subsidiaries, Minera Aurion de Mexico S.A. de C.V., Aurion Resources (US) LLC, Aurion Resources AB, Aurion Oy and FennoEx Oy are engaged in the evaluation, acquisition and exploration of mineral properties in Canada, Mexico, the United States, Sweden and Finland respectively. The Company's primary focus is currently in Finland.

### **Nine Months Highlights and Significant Events:**

- February 5, 2019: Aurion announced that it had intersected 42.3 grams per tonne ("g/t") Au over 4 metres ("m") and 24.5 g/t Au over 4.7 m near hole 42 at shallow depths at Risti:
  - Drillhole 82, approximately 25 m west of drillhole 42 (789 g/t over 2.90 m, see September 19, 2018 press release) encountered a vein assaying 42.28 g/t Au over 4.0 m, including 110.9 g/t Au over 1.4 m;
  - Drillhole 81, approximately 56 m east of hole 82 encountered a vein assaying 24.5 g/t Au over 4.75 m, including 45.7 g/t Au over 0.80 m;
  - These drillholes were approximately 40-45 m from surface;
- February 12, 2019: Aurion announced a new discovery at its Launi East project in Northern Finland:
  - Reconnaissance prospecting on Aurion's 100% owned 4,250-hectare Launi East project resulted in the discovery of several zones of gold mineralization comprising angular quartz

- boulders and outcrop over an area of approximately 2.0 km<sup>2</sup>;
  - 399 rock samples assayed from nil to 379.0 g/t Au and average 2.47 g/t Au;
  - Individual veins can be traced for > 100 m in outcrop and sub-outcrop and are generally < 1.0 m wide but can reach up to 1.9 m width;
  - Only 15 days of prospecting and reconnaissance geological mapping to date on property.
- March 13, 2019: Aurion reported the results from its recently completed drilling campaign:
  - At Notches, approximately 3 km east of Aamurusko, near surface gold mineralization encountered in conglomerate may represent a new style of mineralization on the Risti property. Conglomerate hosted gold has been encountered in several world class gold camps including Timmins and widely across the Birimian;
  - Six drillholes (714 m) were completed at Notches;
  - Two drillholes were completed to test a new previously undocumented style of gold mineralization, encountered in a single trench (#17). Both drillholes intersected the silica-sulfide altered and mineralized conglomerate with 1% to 15% sulfides (pyrrhotite-pyrite-chalcopyrite-galena) plus magnetite, tourmaline, rare visible gold, and extensive quartz veining. The conglomerate assayed up to 8.24 g/t Au over 0.60 m and individual quartz veins assayed up to 20.30 g/t Au over 0.65 m. The best assay from surface saw-cut channel samples of the polymictic conglomerate was 3.2 g/t Au over 4.40 m including 8.94 g/t Au over 0.87 m.
- April 10, 2019: Aurion announced the completion of a brokered financing and concurrent non-brokered financing with Kinross:
  - Gross proceeds from the two placements was C\$6,474,615;
  - Under the brokered financing, the Company issued an aggregate of 5,476,300 common shares at a price of C\$1.05 per common share for aggregate gross proceeds of C\$5,750,115;
  - Under the non-brokered financing, Kinross exercised its pro rata right granted pursuant to a prior financing to maintain a 9.98% interest in the issued and outstanding shares of the Company. The Company issued an aggregate of 690,000 Common Shares at a price of C\$1.05 per common share for aggregate gross proceeds of C\$724,500 to Kinross.
- April 24, 2019: Aurion announced the signing of an option agreement with Strategic Resources Inc. (“Strategic”) granting Strategic the option to earn a 100% interest in the Silasselka Vanadium Project through a 2 stage earn-in agreement over 3 years by:
  - Issuing 3,000,000 Strategic common shares and C\$500,000 in cash on closing;
  - Issuing an additional 1,916,667 Strategic common shares and having spent C\$1,000,000 of exploration expenditures before 12 months following the closing date;
  - Issuing a further 1,916,667 Strategic common shares and having spent an additional C\$1,000,000 of exploration expenditures before 24 months following the closing date. At that point, Strategic will have earned into 75% of the project;
  - Issuing a further 1,916,667 Strategic common shares and having spent an additional C\$1,000,000 of exploration expenditures before 36 months following the closing date. At that point, Strategic will have earned into the final 25% of the project.
- June 26, 2019: Aurion announced that it had intersected 13.31 g/t Au over 19.50 m and 1.84 g/t Au over 31.12 m in its first two drillholes of its recently initiated 2019 drilling campaign at the Aamurusko Northwest (NW) prospect on its wholly Risti Project at shallow depths:
  - Drillhole 95, intersected a wide zone of alteration and quartz veining assaying 9.42 g/t Au over 28.22 m, including 13.31 g/t Au over 19.54 m and 22.58 g/t Au over 8.18 m starting at 69.86 m downhole and approximately 70 m vertically below surface. The zone had five intervals assaying between 48.40 and 230.00 g/t Au;
  - Drillhole 94, updip of 95 intersected a wide zone of alteration and quartz veining assaying 1.84

- g/t Au over 31.12 m, including >100 g/t Au over 0.33 m and 12.25 g/t Au over 0.65 m, starting at 55.88 m downhole and approximately 45 m vertically below surface. The drillhole ended in mineralization with three one metre wide samples assaying 1.57, 3.21 and 4.31 g/t;
- The Aamurusko NW is located approximately 600 m northwest of the Aamurusko Main target area where several high-grade intercepts were previously reported, including 789.10 g/t Au over 2.9 m, 42.40 g/t Au over 4.0 m and 24.50 g/t Au over 4.75m
  - To date, seventy of eighty-four (83%) drillholes completed at Aamurusko (Main and NW) have intersected gold mineralization. Nineteen have intercepts of 15 g/t Au or higher.
- July 31, 2019: Aurion announced the completion of a marketed brokered financing and concurrent non-brokered financing with Kinross:
    - Gross proceeds from the two placements was C\$11,105,499;
    - Under the brokered financing, the Company issued an aggregate of 6,666,666 common shares at a price of C\$1.50 per common share for aggregate gross proceeds of C\$9,999,999;
    - Under the non-brokered financing, Kinross exercised its pro rata right granted pursuant to a prior financing to maintain a 9.98% interest in the issued and outstanding shares of the Company. The Company issued an aggregate of 737,000 common shares at a price of C\$1.50 per common share for aggregate gross proceeds of C\$1,105,500.
  - August 20, 2019: Aurion appointed Mr. Mark Santarossa as VP Corporate Development.
  - August 21, 2019: Aurion announced that B2Gold exercised its option to acquire a 51% interest in Finland Joint Venture (“JV”) on the Kutuvuoma and Ahvenjarvi projects:
    - Since inception of the original agreement in January 2016 (see January 20, 2016 press release), B2Gold has completed over C\$5 million in exploration expenditures, paid Aurion C\$ 50,000 in cash and issued 550,000 B2Gold shares (of which 200,000 were received on August 1, 2019) to Aurion over a four-year period;
    - B2Gold has the option to earn an additional 19% interest by spending a further C\$10 million over two years, and, if exercised, an additional 5% interest by completing a feasibility study, for a total of 75%.
  - August 22, 2019: Aurion announced the discovery of multiple new gold prospects over a greater than 5 km distance at its 100% owned Launi East Project:
    - Follow-up of the 2018 discovery of gold mineralization at Aurion’s wholly owned 4,250-hectare Launi East Project resulted in the discovery of several new zones of gold mineralization over a north-south distance of 5.5 km within a 1.0 km wide corridor;
    - Individual zones can be traced for > 100 to 300 m in outcrop and sub-outcrop and are generally several metres wide;
    - Approximately 900 rock grab samples were collected within this 5.5 km<sup>2</sup> area. Overburden (glacial till) cover is generally < 2 m thick within this area;
    - Partial assays were received from two of these new zones, over a distance of approximately 700 m. Two hundred and fourteen (214) of the 248 rock samples assayed from nil to 313 g/t Au, averaging 21.75 g/t Au with a median grade of 6.03 g/t Au. Eight samples assayed > 100 g/t Au, 34 assayed > 50 g/t Au, 50 assayed > 31 g/t Au, 79 assayed > 15 g/t Au and 111 assayed > 5 g/t Au;
    - In the Kookoo Zone, a total of 134 rock grab samples from angular boulders and sub-outcrop over an area > 250 m by 150 m assayed from nil to 313.00 g/t Au, averaging 31.59 g/t Au with a median grade of 15.43 g/t Au. Mineralization is comprised of stockwork, breccia and massive quartz veins with coarse euhedral pyrite and locally visible gold;
    - In the Christmas Zone, which is up to several metres wide and has been traced for > 130 m, mineralization was discovered in outcrop in late 2018. 52 rock samples collected from angular boulders and outcrop, assayed from nil to 74.30 g/t Au, averaging 10.00 g/t Au (see press

release February 12th, 2019). During the current field season an additional 61 rock samples were collected from this zone assaying from nil to 85.8 g/t Au, averaging 6.93 g/t Au with a median grade of 0.57 g/t Au. Mineralization is primarily comprised of stockwork, breccia and massive quartz veins with heavy disseminated to massive bands of iron oxide (hematite) up to 30 cm wide along with pyrite and trace visible gold in the quartz veins.

- September 5, 2019: Subsequent to the end of the quarter, Aurion announced it had intersected 10.6 g/t Au over 3.4 m at the Aamurusko NW prospect on its wholly Risti Project at shallow depths:
  - 3.51 g/t Au over 31.12 m including 252.00 g/t Au over 0.33 m intersected in drillhole 94 (1.84 g/t Au over 31.12 m was originally reported (June 26th press release), however re-assay results were pending at that time);
  - 10.60 g/t Au over 3.40 m including 52.50 g/t Au over 0.63 m intersected in drillhole 97;
  - 1.79 g/t Au over 12.95 m including 17.2 g/t Au over 0.65 m intersected in drillhole 100;
  - 1.38 g/t Au over 15.34 m including 10.15 g/t Au over 0.38 m intersected in drillhole 101;
  - Wide zones of disseminated and stringer mineralization accompany high-grade veins;
  - To date, at Aamurusko NW, sixteen of eighteen (89%) drillholes intersected gold mineralization and eight of eighteen have intercepts of 15 g/t Au or higher and mineralization remains open at Aamurusko Main and NW;
  - The source of the high-grade boulders in the 600 m distance between Main and NW has yet to be drilled;
  - A second helicopter supported drill rig has been brought in to accelerate drilling;
  - intersected a wide zone of alteration and quartz veining assaying 9.42 g/t Au over 28.22 m, including 13.31 g/t Au over 19.54 m and 22.58 g/t Au over 8.18 m starting at 69.86 m downhole and approximately 70 m vertically below surface. The zone had five intervals assaying between 48.40 and 230.00 g/t Au.
- September 6, 2019: Subsequent to the end of the quarter, Aurion announced the Company granting of stock options under its Stock Option Plan to purchase an aggregate of 1,510,000 common shares of the Company at an exercise price of \$1.78 per share for a 5-year term expiring September 6, 2024.
- November 11, 2019: Subsequent to the end of the quarter, Aurion announced it had drilled Multiple, High-Grade, Near Surface Intercepts at Aamurusko NW, Including 23.41 g/t Au over 11.10 m:
  - Drillhole 106 intersected 23.41 g/t Au over 11.10 m, including 51.95 g/t over 4.15 m, which includes 202.00 g/t Au over 0.50 m;
  - Drillhole 109 intersected 6.84 g/t Au over 19.00 m, including 76.03 g/t Au over 1.50 m;
  - Drillhole 105 intersected 16.17 g/t Au over 4.00 m, including 109.00 g/t Au over 0.58 m;
  - Wide zones of disseminated and stringer mineralization accompany auriferous quartz veins up to 5.45 m wide were encountered;
  - These holes are follow-up to drill results reported on September 5th and June 26th, 2019, which included 13.31 grams per tonne g/t Au 19.54 m in drillhole 95 and 10.60 g/t Au over 3.40 m in drillhole 97;
  - To date, at Aamurusko NW, twenty-four of twenty-seven drill holes (89%) intersected gold mineralization and twelve of twenty-four intersected 15 g/t Au or higher and mineralization remains open along strike and to depth at Aamurusko NW;
  - Aurion's exploration program is fully funded through 2020.

## Mineral Exploration Properties

### Finland

The Company began operating in Finland in early 2014 and currently holds tenements covering approximately 110,000 hectares (ha) within the Central Lapland Greenstone Belt (CLGB) of the Fennoscandian Shield – including the Company’s flagship property **Risti** which hosts the **Aamurusko** surface discovery. These land holdings are located approximately 850 kilometers (km) north of the Finnish capital of Helsinki and occur entirely north of the Arctic Circle. The Kittilä gold mine operated by Agnico Eagle Mines Limited (Agnico) is currently Europe’s largest gold mining operation (7.7 M oz Gold: Agnico Annual Report 2015) and is located in the CLGB, approximately 40 km to the northwest of **Aamurusko**, in rock sequences of similar age.

Access to all the properties is very good, with forestry roads extending from paved highways to the otherwise forested and undeveloped property areas. Topography is low and characterized by rolling hills with relief of less than 150 m. There are almost daily flights from Helsinki to the nearby airport in the town of Kittilä.

Most historic, economically important gold deposits of the CLGB occur in direct proximity to the metallogenically important “Sirkka Line” that is centered along the course of the Sirkka Shear Zone (SSZ), a major south dipping thrust fault system showing northeast transport that has been mapped for over 120 km along an east-southeast trend within the CLGB. The SSZ is characterized by numerous sub-parallel splays that also host important, structurally focused gold mineralization such as that present in the Pahtavaara deposit, located 12.4 km east of **Aamurusko**, and the Saattopora deposit located 82 km northwest of **Aamurusko**. A set of north-south trending strike-slip shear zones that depart northward from the SSZ are also important regional controls to gold mineralization, the most important of these currently being the Kiistala Shear Zone that hosts the previously mentioned Kittilä gold mine. The Hanhima Shear Zone (HSZ) parallels the Kiistala structure and is located about 10 km to the west of it. Significant new gold occurrences on the Hanhima trend serve to identify this as an emerging regional-scale gold trend. The Company’s **Sila** property occurs strategically along strike to the north and covers an essentially unexplored, 13 km long interpreted northern extension of the favorable Hanhima trend.

### **Finland Properties Not Subject to Partnership Agreements:**

#### ***RISTI***

The **Risti** project covers approximately 15,000 ha. The property hosts the Kaarestunturi “paleo-placer” prospect, which was discovered by the Geological Survey of Finland (“GTK”) who completed various studies including 5 shallow diamond drillholes within a small area returning up to 5.2 g/t Au over 5.0 m.

Prospecting and reconnaissance mapping by Aurion in late 2016 resulted in the discovery of a new area of approximately 2.3 km by 3.0 km hosting multiple quartz-tourmaline-Fe-Oxide veins, breccias and stockworks outlined in outcrop, sub outcrop and angular boulders. A total of 525 rock grab samples from this area were collected during 2016 which assayed from nil to 1563.5 g/t Au and 36 samples assayed greater than 31 g/t Au (1 ounce per tonne). Hosted within this area is the **Aamurusko** zone, an area 1150 m long by 700 m wide that produced 133 grab samples averaging 74 g/t Au

#### ***Field program 2017/2018***

Detailed and regional prospecting, geological mapping, trenching, ground and drone geophysics, soil sampling and drilling were conducted over **Risti** since the initial discovery in 2016. Exploration efforts during the summers of 2017 and 2018 were primarily focused on the high grade **Aamurusko** boulder field. The extent of **Aamurusko** was increased to more than 1.7 km within a greater than 1.3 km wide Northeast-

Southwest trending corridor. The **Aamurusko** Zone lies within a broader area of approximately 2.3 km by 3.0 km hosting multiple quartz-tourmaline-Fe-Oxide veins, breccias and stockworks outlined in outcrop, sub outcrop and angular boulders. The limits of these dimensions are constrained only by overburden cover and thus remain open to the Southwest, West and East.

The Company has received assays for 4,986 rock outcrop, sub-outcrop and boulder samples across the entire Risti project, focussed on multiple structures over a distance of approximately 20 km. The average assay of all samples was 8.2 g/t Au. Within the **Aamurusko** mineralized corridor, comprising an area measuring 1.7 km long by 1.3 km wide, a total of 1,210 samples of predominantly large and angular quartz (+/- tourmaline +/- Fe-Oxide) blocks have been sampled. The average assay of these samples was 24.9 g/t Au. Many of these samples contained abundant, coarse visible gold.

The samples reported herein are selective grab samples and are not necessarily representative of the real tenor of mineralization within the host rocks, however they demonstrate the abundance of high-grade gold present within a robust gold mineralized system. To minimize sampling bias (or “high-grading”), Aurion geologists and prospectors indiscriminately sampled quartz vein material. The quartz vein blocks range from 0.1 m to >3 m wide, trend NE-SW and are hosted by quartzites and polymictic conglomerates of the Kumpu Group and mafic volcanics of the Sodankyla Group. The conglomerates are interpreted to be unconformably in contact with the mafic volcanics.

A 5,300 m maiden drill program was completed over 21 drillholes on **Aamurusko** in February of 2018. Significant assays include 3.9 g/t au over 3m. Diamond drilling was completed over 4,380 m in 21 drillholes. Drilling identified significant structures hosting at least 2 separate zones of multiple mineralized quartz vein, stockwork and breccia zones over a 1 km strike length. Quartz veins and stockwork zones showed variable mineralization with trace to 3% pyrite, pyrrhotite, chalcopyrite, galena, sphalerite, arsenopyrite and rare visible gold. The highest assay result was 10.1 g/t Au over 1.0 m while numerous zones of anomalous gold values throughout numerous drillholes were observed.

A 12,000 m Phase 2 drill program was begun in mid-July 2018 and completed in mid-February 2019. The primary focus was to identify high grade quartz veining related to concealed/blind structures that border the northern extent of the boulder field. The **Aamurusko** boulder field comprising 1,210 angular boulders that assayed an average of 25 g/t Au (previously disclosed) is > 1.3 km wide.

To date, sixty-eight of eighty-two (83%) drillholes completed at **Aamurusko** (Main and Northwest) have intersected gold mineralization. Seventeen have intercepts of 15 g/t Au or higher. Gold mineralization has been intersected in multiple rock types to a depth of 180 m below surface. The best intercept to date, reported in September, 2018, was encountered in hole 42 where coarse visible gold was intersected in a 2.90 m wide fault filled vein which assayed 789.06 g/t from 116.10 m to 119.00 m, including 0.65 m assaying 3,510.00 g/t. Mineralization remains open at Aamurusko. A summary table of drill intercepts is presented below.

Drilling over 250 m of the eastern extent of the **Aamurusko** boulder field continues to support the presence of a mineralized shoot. Mineralized boulder fields stretching 1 km to the west of these intercepts remain unsourced, suggesting additional near-surface mineralization is present.

### **Aamurusko Summary**

Gold mineralization intersected at shallow depths (40-60 m vertically from surface) expands known mineralization in an area that is now estimated to be 100 m long in an east-west orientation with a sub-vertical distance of 150 m. Multiple high-grade (anything greater than 10 g/t Au is considered high-grade here) intercepts occur in this area. While true widths are unknown at this time, the ability to successfully target and intercept gold mineralization with drill step outs both vertically and horizontally suggests that the mineralization appears to form part of a coherent body or shoot.

This mineralization lies proximal to the faulted/sheared contact between a gabbro intrusive and sedimentary rocks. Mineralization remains open at depth.

The current drilling has been focused over an east-west distance of approximately 250 m at the eastern extent of the boulder field. This suggests that the mineralization encountered there is only one source of the many high-grade boulders at **Aamurusko**. Gold mineralization was also intersected in 500 and 800 m step out drillholes to the west-northwest providing further evidence that additional near surface gold mineralization may exist in the same geological/structural setting west of the current main focus of drilling.

Drilling Highlights							
Aamurusko							
HOLE_ID	Azimuth	Dip	FROM_m	TO_m	Width_m	Au_ppm (g/t)	Comments
AM18026	110	-55.4	181.90	182.50	0.60	25.00	
AND			190.30	191.30	1.00	5.03	
AM18035	200	-44.5	26.30	28.04	1.74	9.62	
incl			26.30	26.94	0.64	23.30	
AND			36.65	38.20	1.55	8.74	
incl			37.18	37.70	0.52	24.80	
AND			53.50	58.70	5.20	12.45	
incl			53.50	54.05	0.55	7.46	
incl			54.50	55.00	0.50	66.70	
incl			57.65	58.14	0.49	54.30	
AM18042	180	-45.0	116.10	119.00	2.90	789.06	
incl			116.10	116.75	0.65	3510.00	1.1 m of lost core from 116.75 to 117.85 m; assigned a value of 0 ppm
incl			117.85	119.00	1.15	5.89	
AM18051	180	-58.0	114.30	115.40	1.10	17.46	25 m downdip undercut of 42
incl			114.95	115.40	0.45	39.40	
AM18053	163	-59.0	202.50	203.70	1.20	4.76	Highly anomalous Pb-Zn-As
incl			202.50	203.00	0.50	9.12	Highly anomalous Pb-Zn-As
AM18056	180	-45.0	31.00	32.00	1.00	4.22	
AM18061	155	-61.0	30.45	31.45	1.00	6.46	
AM18062	164	-58.2	47.00	47.55	0.55	7.83	
AM18063	150	-55.0	25.00	26.00	1.00	4.95	
AM18064	180	-45.0	129.70	130.30	0.60	13.70	Hole terminated in mineralization at 130.3 m depth
AM18075	350	-44.3	176.00	177.80	1.80	17.06	
incl			176.00	176.60	0.60	26.20	
incl			176.60	177.25	0.65	23.00	
AND			246.35	250.00	3.65	4.56	
incl			246.35	246.85	0.50	29.20	
AM18077	0	-45.2	41.45	42.00	0.55	9.43	
AND			43.00	43.60	0.60	10.60	
AM19080	0	-43.9	172.80	173.30	0.50	23.40	1.62% Pb and 3.13% Zn
AM19081	5	-39.0	48.80	53.55	4.75	24.50	
incl			51.20	52.00	0.80	45.70	
AM19082	320	-39.2	40.00	44.00	4.00	42.28	
incl			41.90	43.30	1.40	110.90	
incl			41.90	42.60	0.70	172.00	
incl			42.60	43.30	0.70	49.80	
AM19083	325	-39.2	114.65	115.60	0.95	5.00	
AM19087	357	-40.3	60.15	60.65	0.50	4.21	
AM19088	138	-49.9	50.40	50.90	0.50	24.80	
All widths are core widths. True width is not known at this time.							
All assay values are uncut.							

## Risti - Other Prospects

### Kaaresselka

Located approximately 4 km south-southwest of **Aamurusko**, the 315 ha **Kaaresselka** project comprises multiple shear zone hosted gold zones that are up to 16 m wide and 650 m long, adjacent to the Sirkka Shear Zone. Multiple high-grade drill intercepts including 11.0 g/t Au over 4.9 m, 13.5 g/t Au over 2.75 m, and 45.0 g/t Au over 2.0 m have been reported. Mineralization there was initially discovered by GTK who subsequently performed extensive geochemical and geophysical surveying, trenching and diamond drilling. Tertiary Minerals plc. ("Tertiary"), an AIM traded company building a strategic position in the fluorspar sector, acquired the project by staking in 2003 and subsequently completed limited geochemical and



geophysical surveys followed by drilling. No exploration has been conducted since 2004. All mineralized zones remain open along strike and down dip.

In 2016, the Company purchased **Kaaresselka** from Tertiary. In addition to **Kaaresselka**, the Company purchased the **Kiekeromaa** gold project. The **Kaaresselka** and **Kiekeromaa** gold projects were considered non-core assets by Tertiary.

The Company paid £15,000 in cash and issued 83,072 shares to Tertiary for 100% 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 Resource Estimate respectively, on either project. Tertiary will retain a 2% Net Smelter Returns Royalty (“NSR”) on all future gold production from either property of which the Company can purchase 50% for USD\$1,000,000 at any time prior to commencement of commercial production on either project.

### ***Field Program 2017/2018***

A drill core relogging and resampling program was undertaken with a view to developing a comprehensive 3D model for future drill targeting.

### **Notches**

Beginning approximately 3 km east of **Aamurusko**, reconnaissance prospecting has outlined widespread stockwork and breccia-style quartz veins exposed in boulders, suboutcrop and bedrock over a distance of approximately 5 km by 0.7 km. A total of 1,700 samples have been collected assaying an average of grade of 3.6 g/t Au. Coarse visible gold has been noted here.

### ***Field Program 2018***

During 2018 field season, extensive trenching was completed over an area of 1.9 km by 0.4 km. Gold mineralization was encountered in all trenches and most significantly gold mineralization was discovered in conglomerate during trenching and may represent a new style of mineralization on the **Risti** property. A single trench targeting mineralized quartz boulders assaying up to 3.5 g/t Au encountered a pervasively altered and mineralized 5-15 m wide polymictic conglomerate bed cut by a quartz vein stockwork and veins up to 1.4 m wide. The conglomerate hosts pervasive silica-sulfide alteration and mineralization with 1 to 15% sulfides (pyrrhotite-pyrite-chalcopyrite-galena) plus magnetite, tourmaline and rare visible gold. This trench was dug in a north-south orientation (which was the last trench dug due to the onset of winter weather) only exposed a small portion of the mineralized conglomerate. The conglomerate has been mapped over 300 m along strike and has a coincident weak to moderately high magnetic signature due to the presence of magnetite and pyrrhotite. The best assay from the polymictic conglomerate was **3.2 g/t Au over 4.40 m** including **8.94 g/t Au over 0.87 m**. The best channel sample from the vein was **3.54 g/t Au over 0.6 m**.

A total of 6 drillholes were completed at Notches. The highlights include two drillholes completed to test the conglomerate target, encountering the altered and mineralized conglomerate and extensive quartz veining. The conglomerate assayed up to **8.24 g/t Au over 0.60 m** and individual quartz veins assayed up to **20.30 g/t Au over 0.65 m**.

This target including many others will be followed up in 2019.

Drilling Highlights							
Notches							
NT18001	162	-43.8	63.35	64.10	0.75	1.82	
NT18004	110	-45.4	27.80	28.60	<b>0.80</b>	<b>4.54</b>	
NT18005	75	-45.1	31.40	33.50	2.10	2.99	
incl			31.40	32.00	<b>0.60</b>	<b>8.24</b>	
AND			54.50	55.50	1.00	2.23	
NT18006	75	-43.7	27.40	29.05	<b>1.65</b>	<b>8.23</b>	
incl			27.40	28.05	<b>0.65</b>	<b>20.30</b>	
AND			84.20	85.80	1.60	0.77	
All widths are core widths. True width is not known at this time.							
All assay values are uncut.							

## YNOT

Approximately 3.5 km west-northwest of **Aamurusko**, six trenches were excavated, washed, mapped and saw-cut channel sampled over a west-east distance of 260 m. This trenching was following up high grade boulders on surface. An east-west quartz vein system hosted by moderate to strong iron carbonate alteration up to 10 m wide was identified in 5 of 6 trenches.

The best channel samples were from trench one which assayed up to **7.18 g/t Au over 1.52 m** including **31.50 g/t Au over 0.34 m**. A parallel vein assayed **17.55 g/t Au over 0.6 m**. Altered wallrock adjacent to the veining assayed up to 0.47 g/t Au over 6.05 m. Four selective grab samples of the veins assayed between **20.10 to 131.00 g/t Au**.

The next best channel sample came from trench 2 assaying 2.86 g/t Au over 0.27 m and 2.56 g/t Au over 0.43 m. The remaining trenches returned only anomalous values. High grade boulders have been sampled to east, southeast and southwest. They represent targets for follow-up trenching in 2019.

## A2 and Aamurusko NW

Reconnaissance prospecting during the 2018 summer field season resulted in the discovery of 2 new zones in close relative proximity to Aamurusko.

Beginning approximately 850-1,500 m N of the **Aamurusko** boulder field is the A2 prospect, where 53 rock chip samples were initially discovered in outcrop, subcrop and angular boulders assaying from nil to 322.7 g/t Au and averaging 18.6 g/t Au over 1.1 km. Mineralization consisted of quartz veins, quartz stockworks, breccias and sediment hosted disseminated mineralization. In follow-up prospecting, 52 additional rock chip samples were collected assaying between nil and **697.0 g/t Au and averaging 59.6 g/t Au**. Mineralization consisted of quartz veins up to 5 m wide, quartz stockworks, breccias and tension vein arrays.

The Aamurusko NW Prospect is located 400 m N-NW of the **Aamurusko** boulder field and comprises a 20-30 m wide zone of NE-SW trending quartz veins, breccias and stockworks in outcrop and subcrop. The mineralization is exposed over a 50 m strike length before being concealed under cover and individual veins are up to 1.5 m wide and over 14 rock chip samples contained visible gold. This new discovery is believed to represent at least one source of the high-grade boulders within **Aamurusko**. A total of 187 rock chip samples in outcrop, subcrop and angular boulders were collected over an area 400 m wide by 275 m, assaying between nil and 404 g/t Au and averaging 14.2 g/t Au.

## LAUNI EAST

Reconnaissance prospecting on the Company's wholly owned 4,250-hectare **Launi East** project has resulted in the discovery of several zones of gold mineralization comprising angular quartz boulders and outcrop over an area of approximately 2.0 km<sup>2</sup>. A total of 399 rock samples assayed from **nil to 379.0 g/t Au and average 2.47 g/t Au**.

Individual veins can be traced for > 100 m in outcrop and sub-outcrop and are generally < 1.0 m wide but can reach up to 1.9 m width. One (Prospect Area 1) zone of quartz veining comprising multiple parallel 5-30 cm wide individual quartz veins within a 2-5 m wide zone was traced for > 115 m. A total of 52 rock chip grab samples were collected over this distance, assaying from **nil to 74.30 g/t Au, averaging 10.00 g/t Au**. A total of 12 outcrop samples were collected over a distance of 90 m within the trend. They assayed from 0.009 g/t Au to 74.3 g/t Au, including **5 outcrop samples that assayed 74.30, 52.90, 48.60, 38.00 and 28.70 g/t Au**. Significant alteration including fuchsite, tourmaline, sericite and iron-carbonate is widespread throughout the property.

These showings are within 1 km of a major flexure in the > 125 km long regional scale Sirkka Shear Zone which the property straddles. Aurion controls land holdings covering approximately 80 km of the Sirkka Shear Zone.

The **Launi East** property lies approximately 8-10 km south of the **Risti** Project, 10 km northwest of the Municipality of Sodankyla and is easily accessed by gravel road. The property has had no documented history of mineral exploration or mineral claims. The **Launi East** Exploration Licence was recently granted and came into validity on January 21, 2019.

The sampling to date is preliminary in nature, and consists primarily of grab samples of sub-outcrop, outcrop and quartz boulders in glacial till. Although every effort is made to ensure that the samples are representative, the very nature of this type of sampling involves natural variations and inconsistencies. Insufficient work has been carried out to date in order to determine the source of many of the mineralized quartz boulders.

### ***RUOPPA***

The **Ruoppa** project target comprises an open-ended 2.3 km long zone of anomalous gold samples, within an overall target greater than 7 km long. The mineralization is hosted by a swarm of felsic dykes occurring along the sheared/faulted margin of a granitoid body. The association of quartz-carbonate veins with free gold and high bismuth within felsic dykes is very similar to Agnico Eagle Mines Limited (Agnico") Kuotko gold deposit (1,800,000 tonnes grading 2.9 g/t Au; see Agnico's Annual Report).

Additionally, a new target area with similar style mineralization has been identified up to 3 km northeast of the primary target area. Analytical results from 210 rock chip samples collected from outcrop, sub outcrop and angular boulders assayed from nil to 14.4 g/t Au including 25 samples which assayed greater than 1.0 g/t Au. Detailed soil/till geochemical sampling was also conducted on two targets located 2.5 and 2.7 km east and northeast of the main **Ruoppa** prospect. The assay results were anomalous over a wide area demonstrating further work was warranted on these targets.

### ***Field program 2017/2018***

Mapping, prospecting and trenching were conducted at **Ruoppa** in 2017. Results returned anomalous values and overburden limited the program. No work was performed on the **Ruoppa** project in 2018. The company is aiming to find a JV partner in 2019.

### ***SILA (Silasselka)***

The **Sila** target covers approximately 11 km along the northern strike extension of the HSZ, within sheared meta-volcanics and meta-sediments sandwiched between two large intrusive bodies. The Hanhima Shear Zone (HSZ) south of **Sila** hosts several gold occurrences, which have reported drill intersections of 4.5 g/t Au over 11.7 m and 5.9 g/t Au over 7.5 m (Agnico Annual report 2015).

The Company has identified extensive mineralization in quartz veins and silicified meta-volcanic and meta-sedimentary rocks. Assays from 56 rock samples collected over a distance of 6.5 km ranged from nil to 219 g/t Au and nil to 5,410 ppm As. Numerous till samples assayed up to 0.7 g/t Au within this trend and up to 1.12 g/t Au elsewhere on the property. The gold-arsenic association at **Sila** is similar to the Kittila deposit.

**Sila** is also host to four vanadium-rich magnetite zones located along a 16 km long magnetic anomaly. Approximately 7,400 metres of historical drilling over 72 holes has been completed on the property.

**Sila** was acquired along with **Kutuvuoma**, subject to a binding Letter of Intent with from Dragon Mining Limited (“Dragon”) in March 2014. According to the terms of the Letter of Intent, the Company finalized and signed a definitive Purchase Agreement on May 26, 2014. Pursuant to the terms of the Purchase Agreement and subject to regulatory approvals, the Company issued a total of 6,750,000 common shares to Dragon. The Company has also committed to incur a total of €1,000,000 in expenditures on these properties over three years. In addition, Dragon will retain a 3% Net Smelter Royalty (“NSR”) on any deposit mined by the Company within the projects or any defined Area of Interests. The NSR can be purchased at any time on or before the sixth anniversary of signing the Purchase Agreement with a single cash payment of €4,000,000. Upon successful resource definition, the Company will also make bonus payments to Dragon for the sum of €2,000,000 in cash or equivalent in common shares of the Company for the defining of 1,000,000 ounces of gold material and €1,000,000 in cash or equivalent in common shares of the Company for the defining of every additional 1,000,000 ounces of gold equivalent material within the projects and the defined Area of Interests.

On September 1, 2016 the Company notified Dragon that it had fulfilled all the requirements under the agreements thus earning its 100% interest subject to the aforementioned royalties.

#### ***Field program 2017/2018***

A 500 sample BoT survey was completed at the **Sila** project in 2017, covering approximately 4.5 km along the northern strike extension of the HSZ. No work was conducted on **Sila** during 2018.

On April 24, 2019, the Company entered into an option agreement with Strategic Resources Inc. (“Strategic”) granting Strategic the option to earn a 100% interest in the Company’s wholly owned Silasselka Vanadium Project in northern Finland. Under the terms of the option agreement, Strategic may acquire up to 100% interest in the project by paying \$500,000 cash, issuing 8,000,000 Strategic shares and incurring \$3,000,000 in exploration expenditures, through a two stage earn-in over a period of three years. At June 30, 2019 the Company had received \$500,000 cash and 3,000,000 Strategic shares.

#### **Finland Properties Subject to Partnership Agreements:**

##### **B2GOLD JOINT VENTURE, KUTUVUOMA/ AHVENJARVI**

On August 13, 2015, the Company signed a binding Letter Agreement with B2Gold Corp., (“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. Pursuant to the terms of the Letter Agreement, the Company formalized and signed a definitive Option Agreement with B2Gold on January 18, 2016.

Under the terms of the Letter Agreement B2Gold must complete \$5,000,000 in exploration expenditures, pay Aurion \$50,000 cash and issue 550,000 B2Gold shares over 4 years to earn a 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 first-year commitment of \$750,000 in exploration expenditures including 2000 m of drilling and

payment of \$50,000 cash and 50,000 B2Gold shares is guaranteed. A finder's fee was paid by the Company with respect to this transaction was settled on April 29, 2016 by the issuance of 1,476,750 common shares at a value of \$0.13 per share. The Company subsequently agreed to a reduced drilling program for the first year.

On August 1, 2019, the Company received 200,000 B2Gold common shares which were issued pursuant to the option agreement dated January 18, 2016. On August 13, 2019, the Company received a Notice of Exercise of Option from B2Gold confirming that B2Gold has fulfilled its obligations under the Option Agreement dated January 18, 2016, and that as of August 14, 2019, the Option is deemed to be exercised.

### ***Kutuvuoma and Ahvenjarvi***

**Kutuvuoma** was acquired along with **Sila**, subject to a binding Letter of Intent with from Dragon in March 2014. **Kutuvuoma** is subject to the conditions previously described for **Sila**.

Bedrock geology at **Kutuvuoma** is dominated by east to southeast trending Paleoproterozoic volcanic-sedimentary sequences of the CLGB's Savukoski Group and currently defined gold mineralization on the property occurs in association with sulphide-bearing quartz vein arrays, with disseminated sulphides in altered, albitic, silicious meta-mudstones and meta-igneous rocks as well as in sulphide matrix breccias. The main deposit at **Kutuvuoma** occurs as a moderately west-plunging zone localized along a south dipping, sheared graphitic unit within sheared and altered Savukoski Group country rocks. These include komatiites as well as graphitic-sulphidic schist, fine grained meta-sandstone and thin interbedded marble.

### *Historical Results*

The **Kutuvuoma** deposit is a high-grade, shear zone hosted gold deposit that was discovered in the mid-1990's by Outokumpu Oy, a publicly listed company in which the Finnish state is a controlling shareholder. Outokumpu Oy drilled 47 shallow core and reverse circulation drillholes totaling 3,425 m, testing **Kutuvuoma** within a very small area (approximately 175 m horizontally and 175 m vertically). No other drilling or trenching was conducted since the mid-1990's. Numerous high grade drill intercepts including 7.2 g/t Au over 19.4 m from 60 m downhole, 13.2 g/t Au over 5.0 m from 88 m downhole and 12.6 g/t Au over 7.0 m from 26 m downhole were recorded from the historical drilling. True width of the mineralization is estimated to be approximately 70-80% of drill intercepts.

Historical exploration prior to Aurion on the large **Kutuvuoma** property has largely been focused in the immediate area of the drilled deposit, with only regional scale surveys being applied to a portion of the rest of the holding.

The **Kutuvuoma** trend has very few natural bedrock exposures, however, with a limited amount of exploration work (and time in the field) trenching, soil sampling, BoT sampling and prospecting has defined an open-ended mineralized trend greater than 5 km long where only limited drilling was conducted in the past, over a small area at the **Kutuvuoma** deposit.

Metallurgical tests undertaken during 2015 to examine the response of two composite surface trench samples to various processes for the concentration and recovery of the contained gold and to get a general view of the project metallurgy. The response of the samples to whole ore cyanide leaching and to concentration by froth flotation and gravity separation was examined by SGS Canada Inc. at their Lakefield Ontario laboratory.

The samples responded well to all of the processes tested, with gold recoveries by a combination of methods in excess of 98% for both samples, including 80-84% recovery by gravity method alone. The material tested indicates the two areas tested would not require any treatment out of the ordinary. A much more extensive

program would be required as the project develops.

Reconnaissance prospecting, geological mapping and trenching were conducted within the joint venture area of interest during the 2016 field season with encouraging results. Additionally, following several months of data compilation and analysis, 78 specific exploration targets were identified.

B2Gold initiated a small drill program in September 2016 comprising 5 drill holes for 535m. The drill program was designed to test the lateral continuity of the **Kutuvuoma** system. The drill program comprised 5 HQ sized diamond drillholes with total meterage of 535 m. Two holes were drilled west of the **Kutuvuoma** deposit, one into the deposit and two east of the deposit over an aggregate distance of approximately 1 km. The program was designed to test for lateral continuity of the **Kutuvuoma** main mineralized zone east and west of the **Kutuvuoma** deposit.

The best hole of the 2016 program was drillhole KU16003 which was drilled into the known deposit. It intersected two mineralized zones, the first zone assayed 8.59 g/t Au over 2.15 m starting at 21.4 m downhole. The second zone assayed 11.37 g/t Au over 13.3 m starting at 71.85 m downhole. The upper zone intersection occurs in the structural hanging wall and represents a promising zone to follow up. Previous hanging wall intercepts include 96.5 g/t Au over 1.2 m from Outokumpu ddh KUV-47, drilled in 1993. The second zone was a twin of Outokumpu ddh KUV-36 which assayed 7.2 g/t Au over 19.4 m, also drilled in 1993.

All holes intersected the main **Kutuvuoma** horizon and were variably mineralized. Hole KU16001 located approximately 370 m west of the **Kutuvuoma** deposit intersected a zone assaying 1.76 g/t Au over 8.85 m starting at 38.55 m downhole. Hole KU16004 was drilled 240 m west of the deposit and intersected a 27.35 m wide zone of anomalous gold assaying 0.1 to 0.4 g/t Au with a best assay of 2.21 g/t Au over 1.2 m starting at 71.1 m downhole. Hole KU16002 was drilled approximately 100 m east of the deposit and intersected a mineralized zone at 42.55 m downhole which assayed 1.43 g/t Au over 5.05 m. Hole KU16005 was a 650 m step-out to the east of the deposit and intersected a 32.9 m wide zone of anomalous mineralization assaying 0.1-0.4 g/t Au including 2.4 g/t Au over 0.65 m starting at 60.75 m downhole and 10.1 g/t Au over 0.45 m starting at 65.35 m downhole. The deposit remains open at depth and along strike in both directions.

#### **Kutuvuoma** 2016 drill results summary

<b>HoleID</b>	<b>From (m)</b>	<b>To (m)</b>	<b>Length (m)</b>	<b>Au (g/t)</b>
KU16001	38.65	47.50	8.85	1.76
Incl	43.45	44.70	1.25	5.60
KU16002	42.55	47.60	5.05	1.67
Incl	46.70	47.60	0.90	6.19
KU16003	21.40	23.55	2.15	8.59
Incl	22.35	23.55	1.20	11.05
And	71.85	85.15	13.3	11.37
Incl	72.40	73.60	1.20	16.65
Incl	76.65	77.30	0.65	26.30
Incl	78.40	79.60	1.20	24.60
Incl	79.60	80.80	1.20	47.00
KU16004	71.10	72.30	1.20	2.21
KU16005	60.75	61.40	0.65	2.41
And	65.35	65.80	0.45	10.10

Note: assay composites were calculated using uncut assays and are reported as drilled lengths. All drill intercepts are downhole widths, true widths appear to be approximately 80-85% of downhole widths but there has been insufficient drilling to date to sufficiently determine true widths.

The **Ahvenjarvi** project is located in Northern Finland, approximately 20 km west of the **Kutuvuoma** property. Mineralization at the property consists of a widespread millimeter to meter scale quartz-tourmaline-pyrite veins hosted by sandstone and conglomerate within a wide zone of strong silica and potassic (sericite and k-feldspar) alteration and brecciation with abundant iron oxide (magnetite and specular hematite) mineralization. Visible gold is common within the veins.

Through 2016, the company has identified quartz-tourmaline-pyrite veins in angular boulders, sub outcrop and outcrop occurring over a distance of > 2.0 km that have assayed from nil to 33.0 g/t Au. Vein widths range from 5 cm to >1.5 m wide. The most significant mineralization occurs in a 200m by 200 m area (“Plateau Prospect”) where 54 rock samples of intensely veined, brecciated and sulfide/oxide mineralized material assayed from nil to 33.0 g/t Au including 6 samples which assayed greater than 10 g/t Au (33.0, 17.4, 16.5, 15.7, 14.4 and 13.2 g/t Au). The aforementioned samples are “grab” samples.

Much of this mineralization identified form several parallel trends greater than 500m long over a greater than 2 km distance in a new NE-SW orientation. This trend of mineralization appears to be associated with an interpreted fault system along or parallel to the NE-SW oriented axial plane or center line of a folded sequence of quartzites and mafic volcanics.

Previously a wide zone of gold mineralization to the west of this new mineralization was outlined over an area measuring 2,300m long and up to 700m wide, assaying up to 28.8 g/t Au and averaging 0.81 g/t Au, in a generally north-south orientation, however, the structural control of this mineralization was not understood.

### ***Field Program 2017/2018***

B2Gold has expended approximately US\$3.5 million during the 2017-18 field seasons. The bulk of these programs was extensive property wide BoT sampling program, followup trenching and mapping. A small drilling program on the Tepsa target was completed with no significant results reported.

### **Kiekerömaa**

Located approximately 7 km south-southwest from **Kutuvuoma**, the 840 ha **Kiekeromaa** project hosts gold mineralization over a strike length of 300 m. The prospect was discovered by Outokumpu Oy in the late 1990s while exploring for base metals. Tertiary acquired the prospect in 2003 by staking the ground and completed a small drill program in 2011. Historic drill intercepts from limited drilling by Outokumpu Oy and Tertiary include 5.8 g/t Au over 5.0 m, 7.4 g/t Au over 2.0 m and 3.6 g/t Au over 4.6 m. The mineralization remains open in all directions.

**Kiekeromaa** was purchased along with **Kaaresselka** from Tertiary. **Kiekeromaa** is subject to the conditions previously described for **Kaaresselkä**. It also falls within the B2Gold joint venture area of interest.

### **KINROSS JOINT VENTURE, OUTA**

On January 31, 2018, the Company signed a non-binding LOI with Kinross, giving Kinross the right to earn an undivided 70 % interest in the **Outa** project.

Under the terms of the LOI, Kinross must spend \$5-million (U.S.) over five years to earn a 70-per-cent interest in the project. Kinross has agreed to complete a firm \$1-million (U.S.) exploration expenditure over the first two years. A definitive option agreement was signed on August 17, 2018 pursuant to the terms of the LOI.

## **OUTA**

The **Outa** project covers approximately 15,000 ha in the CLGB of northern Finland. It is primarily underlain by meta-sedimentary rocks (polymictic conglomerates and quartzites) of the Kumpu Group in a setting similar to the Company's **Risti** project. The Company acquired the project following the discovery of the **Aamurusko** gold prospect in late 2016. Limited historical exploration work by the Geological Survey of Finland (GTK) documented possible paleo-placer style gold mineralization at the south end of the project. Shallow drilling by GTK intersected 121 g/t Au over 1.5 m. Most of the greater than 15 km long unconformity between Kumpu Group clastics and Kittila Group mafic volcanics within the **Outa** project area has never been explored.

### ***Field program 2017/2018***

Two days prospecting was completed at **Outa** in 2017. Anomalous gold was identified in outcrop up to 0.65 g/t Au. In 2018, Kinross completed an approximately US\$1 million exploration program comprising mapping, prospecting, property wide gravity and magnetic geophysical and soil geochemical surveys in 2018. A budget and program is being prepared for 2019.

## **UNITED STATES**

### **Nevada Properties Not Subject to Partnership Agreements:**

#### **BULL**

On January 6, 2011, the Company signed an Option Agreement with Genesis, whereby it has an option to purchase a 100% interest in 16 unpatented claims, 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 US\$3,000,000 cash payment less any payments already made. The Company also staked an additional 283 claims covering prospective geology surrounding these claims.

On November 15, 2012, the Company signed a definitive "Exploration, Development and Mine Operating" agreement with Midway Gold US Inc. ("Midway") on the **Bull** project. Under the terms of the agreement Midway can earn an initial 50% interest by completing \$2,000,000 in exploration expenditures over 5 years, upon which it can elect to either declare a 50-50 agreement or spend a further \$2,000,000 over 2 years to earn an additional 20% for a total 70% interest. Midway can also earn an additional 5% (75% total) by arranging mine financing. Midway will also maintain the underlying Option Agreement and make all claims maintenance fees through the agreement. Midway also reimbursed the Company for claims maintenance fees paid in September 2012, of approximately \$53,000. On October 18, 2016, the Company received notice of termination of the Exploration, Development and Mine Operating Agreement with Midway.

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 December 1, 2017, the Company entered into a Restated Mineral Lease and Option to Purchase Agreement to replace the original agreement entered into with Genesis on January 6, 2011 for the Bull Property. Under the terms of the agreement, with US\$10,000 is due on signing and the annual lease payments will resume on December 1, 2018 starting at US\$15,000 and increasing each year to US\$95,000 by 2028. Lease payments for the years 2029 through 2031 will remain at US\$100,000 per year. The option to purchase can be executed at any time by making a one-time US\$3,000,000 cash payment less any payments already made.

On September 30, 2019, the Company determined that the Bull project no longer holds merit for future development. The agreement with Genesis was terminated and all related costs were written down.

The **Bull** property is located in east-central Nevada, approximately 31 km southeast of Eureka, on the southern extension of the prolific Battle Mountain-Eureka Trend, and hosts several small outcrops of gold-bearing jasperoid in a shallow pediment at the contact between the Joanna Limestone and Chainman Shale. In 1992, BHP drilled 7 shallow reverse circulation holes. The best intercept was 3 m of 2.05 g/t Au within a 9.15 m intercept grading 1.15 g/t Au starting at approximately 15 m below the surface. Gold mineralization is associated with low silver, high antimony, arsenic and mercury values typical of the geochemical signature in Carlin-style mineral deposits. The area characterized by shallow cover amenable to surface geochemistry and geophysics.

## **MEXICO**

The Company abandoned its exploration activities in Mexico during 2013 and all associated costs were written down however the Company continues to keep in good standing two mineral concessions that were part of the original land position and purchased from a private individual in 2010.

The Company has no immediate plans to restart operations in Mexico. Costs associated with maintaining the two mineral concessions are written down each year until such time as the Company decides to recommence exploration activities.

## **Qualified Person**

Mike Basha, P. Eng., P. Geo., President and CEO of the Company, a Qualified Person as defined by NI 43-101, is responsible for the preparation of the foregoing property reports.

## **Selected Annual Financial Information**

	2018	2017	2016
	\$	\$	\$
Total income	246,365	113,363	53,592
Operating expenses	3,027,650	4,874,739	834,004
Net loss	2,781,285	4,761,376	780,412
Loss per share	0.04	0.08	0.02
Total assets	26,087,108	27,057,523	3,789,940
Long term liabilities	-	-	-
Dividends	-	-	-

## **Results of Operations**

	<b>Three months ended</b>		<b>Nine months ended</b>	
	<b>September 30,</b>		<b>September 30,</b>	
	<b>2019</b>	<b>2018</b>	<b>2019</b>	<b>2018</b>
	\$	\$	\$	\$
General and Administrative	<b>271,100</b>	118,749	<b>651,336</b>	472,212
Wages and benefits	<b>288,306</b>	228,449	<b>665,048</b>	681,436
Consulting fees	<b>10,260</b>	3,190	<b>20,880</b>	10,245
Professional fees	<b>51,655</b>	67,026	<b>103,137</b>	133,735
Share based payments	<b>346,055</b>	700,858	<b>763,298</b>	700,858
Write-down of exploration and evaluation assets	<b>611,539</b>	-	<b>624,645</b>	72,856
Accounting	<b>6,564</b>	13,227	<b>47,218</b>	27,810
Depreciation	<b>33,791</b>	26,767	<b>98,285</b>	70,834
Interest and bank charges	<b>1,334</b>	1,479	<b>7,928</b>	5,331
Property investigation costs	<b>6,980</b>	13,217	<b>6,980</b>	33,038
Unrealized (gain) loss on marketable securities	<b>193,000</b>	101,000	<b>196,000</b>	148,000
Foreign exchange (gain) loss	<b>(7,706)</b>	(13,760)	<b>36,511</b>	(37,138)
Loss on disposal of assets	<b>707</b>	-	<b>707</b>	-
Gain on sale of marketable securities	-	-	-	(121,663)
	<b>1,813,583</b>	1,260,200	<b>3,221,972</b>	2,197,554
Interest and other income	<b>514,415</b>	56,651	<b>2,585,004</b>	177,853

For the three months ended September 30, 2019 compared to the three months ended September 30, 2018:

- Write-down of exploration and evaluation assets is higher by \$611,539
- Wages and benefits are higher by \$59,857
- General and administrative costs are higher by \$152,351
- Consulting fees are higher by \$7,070
- Professional fees are lower by \$15,371
- Share-based payments expense is lower by \$354,800
- Total expenses are higher by \$553,383
- Interest and other income is higher by \$457,763

Total expenses for the three months ended September 30, 2019 compared to the three months ended September 30, 2018 are higher by \$457,763. Lower share-based payment expense in the current period was offset by a higher write-down of exploration and evaluation assets in the prior year. General operating expenses for the three months ended September 30, 2019 are higher compared to the three months ended September 30, 2018 mainly due to a general increase in corporate activity and attendance at industry conferences.

For the nine months ended September 30, 2019 compared to the nine months ended September 30, 2018:

- Write-down of exploration and evaluation assets is higher by \$551,789
- Wages and benefits are lower by \$16,388

- General and administrative costs are higher by \$179,124
- Consulting fees are higher by \$10,635
- Professional fees are lower by \$30,598
- Share-based payments expense is higher by \$62,440
- Total expenses are higher by \$1,024,418
- Interest and other income is higher by \$2,407,151

Total expenses for the nine months ended September 30, 2019 compared to the nine months ended September 30, 2018 are higher by \$1,024,418. This is mainly due to higher write-down of exploration and evaluation assets in the current period for the write-down of the Bull project in the United States and a general increase in operating costs as the Company grows. Interest and other income is higher for the nine months ended September 30, 2019 compared to the nine months ended September 30, 2018 by \$2,407,151 due to the recording of a gain on property transactions in the current period.

### **Quarterly Information**

	(\$) Write-down of exploration and evaluation assets	(\$) Other expenses	(\$) Interest & Other Income	(\$) Net Gain (Loss)	(\$) Basic & Diluted Gain (Loss) per Share
<b>IFRS</b>					
Q3 - September 30, 2019	611,539	1,202,044	(514,415)	(1,299,169)	(0.022)
Q2 - June 30, 2019	-	629,483	(2,039,381)	1,409,898	0.200
Q1 - March 31, 2019	13,106	772,570	(31,209)	(754,468)	(0.011)
Q4 - December 31, 2018	3,394	826,703	(68,412)	(761,585)	(0.014)
Q3 - September 30, 2018	-	1,260,200	(56,651)	(1,203,549)	(0.017)
Q2 - June 30, 2018	72,856	556,865	(64,270)	(565,451)	(0.008)
Q1 - March 31, 2018	-	307,632	(56,932)	(250,700)	(0.004)
Q4 - December 31, 2017	19,679	878,658	(61,579)	(836,759)	(0.010)

### **Financial Condition / Liquidity / Capital Resources**

#### 2019

On March 1, 2019, the Company issued 15,000 common shares pursuant to the exercise of stock options for gross proceeds of \$3,900 (\$0.26 per share).

On April 10, 2019, the Company issued a total of 6,166,300 common shares pursuant private placement at a price of \$1.05 for gross proceeds of \$6,474,615.

On April 26, 2019, the Company granted 75,000 DSUs to certain officers under its DSU Plan at a market value of \$1.00 per DSU. These DSUs will vest one third on each of April 26, 2020, April 26, 2021, and April 26, 2022.

On May 14, 2019, the Company granted 41,307 DSUs to certain officers under its DSU Plan at a market value of \$0.97 per DSU. These DSUs will vest one third on each of May 14, 2020, May 14, 2021, and May 14, 2022.

On June 30, 2019, the Company granted 55,147 DSUs to certain officers under its DSU Plan at a market value of \$1.36 per DSU. These DSUs will vest one third on each of June 30, 2020, June 30, 2021, and June 30, 2022.

On July 31, 2019, the Company issued a total of 7,403,666 common shares pursuant to a private placement

at a price of \$1.50 for gross proceeds of \$11,105,499.

On August 7, 2019, the Company issued 200,000 common shares pursuant to the exercise of stock options for gross proceeds of \$20,000 (\$0.10 per share).

On August 14, 2019, the Company issued 2,530 common shares pursuant to the exercise of warrants for gross proceeds of \$2,656.50 (\$1.05 per warrant).

On September 5, 2019, the Company granted 104,396 DSUs to certain officers under its DSU Plan at a market value of \$1.82 per DSU. These DSUs will vest one third on each of September 5, 2020, September 5, 2021, and September 5, 2022.

On September 5, 2019, the Company granted 1,510,000 stock options to directors, officers, employees and consultants, exercisable at a price of \$1.78 per share until September 5, 2024. The fair value of the stock options granted was estimated at \$2,125,773 (\$1.41 per option) based on the Black-Scholes option pricing model, with the following assumptions: risk-free interest rate of 1.49%, volatility of 124.67%, dividend yield of 0%, forfeiture rate of 0%, and an expected life of 5 years. The stock options will vest in two tranches, 50% on March 5, 2020 and 50% on September 5, 2020.

On September 12, 2019, the Company issued 50,000 common shares pursuant to the exercise of stock options for gross proceeds of \$55,000 (\$1.10 per share).

On September 23, 2019, the Company issued 50,000 common shares pursuant to the exercise of stock options for gross proceeds of \$55,000 (\$1.10 per share).

On September 30, 2019, the Company granted 45,181 DSUs to certain officers under its DSU Plan at a market value of \$1.66 per DSU. These DSUs will vest one third on each of September 30, 2020, September 30, 2021, and September 30, 2022.

On October 8, 2019, the Company issued 60,000 common shares pursuant to the exercise of stock options for gross proceeds of \$66,000 (\$1.10 per share).

On October 8, 2019, the Company issued 25,000 common shares pursuant to the exercise of stock options for gross proceeds of \$27,500 (\$1.10 per share).

On October 17, 2019, the Company issued 1,650 common shares pursuant to the exercise of warrants for gross proceeds of \$1,732 (\$1.05 per warrant).

On November 20, 2019, the Company issued 75,000 common shares pursuant to the exercise of stock options for gross proceeds of \$82,500 (\$1.10 per share).

On November 21, 2019, the Company granted 300,000 stock options to a consultant exercisable at a price of \$1.67 per share until November 21, 2024.

## 2018

On January 22, 2018, the Company issued 250,000 common shares pursuant to the exercise of stock options for gross proceeds of \$62,500 (\$0.25 per share).

On January 23, 2018, the Company granted 650,000 stock options to directors, officers, employees and consultants, exercisable at a price of \$1.00 per share until January 23, 2023. The fair value of the stock options granted was estimated at \$547,103 (\$0.84 per option) based on the Black-Scholes option pricing model, with the following assumptions: risk-free interest rate of 1.77%, volatility of 144.6%, dividend

yield of 0%, forfeiture rate of 0%, and an expected life of 5 years. The stock options will vest in two tranches, 50% on July 23, 2018 and 50% on January 23, 2019.

On March 1, 2018, the Company issued 35,000 common shares pursuant to the exercise of stock options for gross proceeds of \$9,100 (\$0.26 per share).

On March 7, 2018, the Company granted 1,410,000 stock options to directors, officers, employees and consultants, exercisable at a price of \$1.10 per share until March 7, 2023. The fair value of the stock options granted was estimated at \$1,065,037 (\$0.76 per option) based on the Black-Scholes option pricing model, with the following assumptions: risk-free interest rate of 1.94%, volatility of 141.7%, dividend yield of 0%, forfeiture rate of 0%, and an expected life of 5 years. The stock options will vest in two tranches, 50% on September 7, 2018 and 50% on March 7, 2019.

On July 31, 2018, the Company granted 92,592 Deferred Share Units (“DSUs”) to certain officers under its Deferred Share Unit Plan (“DSU Plan”) at a market value of \$0.81 per DSU. These DSUs will vest one third on each of July 31, 2019, July 31, 2020, and July 31, 2021.

On August 27, 2018, the Company issued 175,000 common shares pursuant to the exercise of stock options for gross proceeds of \$37,500 (125,000 options at \$0.26 per share and 50,000 options at \$0.10 per share).

On December 18, 2018, the Company granted 275,000 stock options to directors, officers, employees and consultants, exercisable at a price of \$1.05 per share until December 18, 2023. The fair value of the stock options granted was estimated at \$221,302 (\$0.80 per option) based on the Black-Scholes option pricing model, with the following assumptions: risk-free interest rate of 2.26%, volatility of 134.0%, dividend yield of 0%, forfeiture rate of 0%, and an expected life of 5 years. The stock options will vest in two tranches, 50% on June 18, 2019 and 50% on December 18, 2019.

On December 18, 2018, the Company granted 141,509 DSUs to certain officers under its DSU Plan at a market value of \$1.06 per DSU. These DSUs will vest one third on each of December 18, 2019, December 18, 2020, and December 18, 2021.

### **Outstanding Share Data**

As at November 26, 2019 the following were outstanding:

83,432,854 common shares  
724,398 share warrants  
7,585,000 stock options  
555,062 deferred share units

### **Off-Balance Sheet Arrangements**

The Company has no off-balance sheet arrangements.

## Mineral Properties

As at September 30, 2019

Geographical Area	Balance, Beginning of	Additions	Receipts	Properties Written Down	Property Income	Balance, End of
	Year		From Partners			Period
	\$	\$	\$	\$	\$	\$
Finland	13,608,827	8,524,010	(3,907,795)	(12,379)	2,433,137	20,645,800
Sweden	337,099	108,447	-	-	-	445,546
United States	601,018	24,151	-	(605,694)	-	19,475
Mexico	-	6,570	-	(6,570)	-	-
	<b>14,546,944</b>	<b>8,663,178</b>	<b>(3,907,795)</b>	<b>(624,643)</b>	<b>2,433,137</b>	<b>21,110,821</b>

As at December 31, 2018

Geographical Area	Balance, Beginning of	Additions	Receipts	Properties Written Down	Balance, End of
	Year		From Partners		Year
	\$	\$	\$	\$	\$
Finland	5,774,951	8,545,596	(642,000)	(69,720)	13,608,827
Sweden	234,850	102,249	-	-	337,099
United States	494,114	106,904	-	-	601,018
Mexico	-	6,530	-	(6,530)	-
	<b>6,503,915</b>	<b>8,761,279</b>	<b>(642,000)</b>	<b>(76,250)</b>	<b>14,546,944</b>

	September 30, 2019				September 30, 2018			
	total	Finland	Sweden	USA/Mexico	total	Finland	Sweden	USA/Mexico
	\$	\$	\$	\$	\$	\$	\$	\$
Aquisitions	-	-	-	-	-	-	-	-
Land Management	1,639,239	1,608,518	-	30,721	739,432	649,177	-	90,255
Labour - Operations	1,689,442	1,639,181	50,261	-	1,643,424	1,599,859	43,565	-
Consulting Fees	998,307	974,092	24,215	-	316,230	314,580	1,650	-
Office Expenses	117,540	117,227	313	-	104,250	104,250	-	-
Drilling, Surveying, Assays	3,323,590	3,304,748	18,842	-	2,410,618	2,347,310	63,308	-
Travel, Accomodations	763,966	749,674	14,292	-	664,067	664,067	-	-
Rentals and Supplies	131,094	130,570	524	-	85,164	85,164	-	-
Total expenditures	<b>8,663,178</b>	<b>8,524,010</b>	<b>108,447</b>	<b>30,721</b>	<b>5,963,185</b>	<b>5,764,407</b>	<b>108,523</b>	<b>90,255</b>
Financed by Partners	(693,795)	(693,795)	-	-	(80,986)	(80,986)	-	-
Total Additions	<b>7,969,383</b>	<b>7,830,215</b>	<b>108,447</b>	<b>30,721</b>	<b>5,882,199</b>	<b>5,683,421</b>	<b>108,523</b>	<b>90,255</b>

## **Transactions with Related Parties**

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

	Three months ended		Nine months ended	
	September 30,		September 30,	
	2019	2018	2019	2018
	\$	\$	\$	\$
Michael Basha, CEO	<b>118,068</b>	64,277	<b>313,376</b>	238,533
Mark Serdan, CFO	<b>78,043</b>	69,324	<b>209,118</b>	325,753
Mark Santarossa, VP Corporate Development	<b>78,321</b>	-	<b>78,321</b>	-
Other Directors	<b>83,312</b>	19,036	<b>97,280</b>	118,044
	<b>357,744</b>	152,637	<b>698,095</b>	682,330
Amounts expensed as:				
Salary and other short-term benefits for the CEO	<b>50,000</b>	50,000	<b>150,000</b>	150,000
Salary and other short-term benefits for the CFO	<b>37,500</b>	37,500	<b>112,500</b>	112,500
Salary and other short-term benefits, VP Corp Dev	<b>31,250</b>	-	<b>31,250</b>	-
Directors' Fees	<b>80,000</b>	-	<b>80,000</b>	-
Share-based compensation	<b>158,994</b>	65,137	<b>324,345</b>	419,830
	<b>357,744</b>	152,637	<b>698,095</b>	682,330

## **New Accounting Policies**

### **Adoption of new accounting policy – IFRS 16 Leases**

#### *Impact of application of IFRS 16 Leases*

Effective January 1, 2019, the Company adopted IFRS 16 using the modified retrospective application method, where the comparative numbers for 2018 are not restated and the cumulative effect of applying IFRS 16 has been recorded on January 1, 2019 for any differences identified. The Company has determined that the adoption of IFRS 16 resulted in no adjustments to the opening accumulated deficit balance.

IFRS 16 introduces significant changes to the lessee accounting by removing the distinction between operating and finance leases under IFRS 17 and requiring the recognition of a right-of-use asset (ROU asset”) and a lease liability at the lease commencement for all leases, except for short-term leases (lease term of 12 months or less) and leases of low value assets.

In applying IFRS 16 for all leases, except as noted above, the Company (i) recognizes the ROU asset and lease liabilities in the statement of financial position, initially measures at the present value of the future lease payment: (ii) recognizes the depreciation of ROU assets and interest on lease liabilities in the consolidated statement of operations and comprehensive income (loss): and (iii) separates the total amount of cash paid into a principal portion (presented in financing activities) and interest (presented in operating activities) in the consolidated statement of cash flows. For short-term leases and leases of low value assets, the Company has opted to recognize a lease expense on a straight-line basis, and this expense is presented within general and administrative in the statement of operations and comprehensive income (loss).

The Company has opted to use the following practical expedients available on transition to IFRS 16:

- (a) Measure the ROU assets equal to the lease liability calculated for each lease;

- (b) Apply the recognition exemptions for low value leases and leases that end within 12 months of the date of initial application, and account for them as low value and short-term leases, respectively; and
- (c) Accounting for non-lease components and lease components as a single lease component.

In transitioning to IFRS 16, the Company reviewed its contracts to identify whether they are or contain a lease arrangement. This review identified one lease contract that resulted in an equivalent increase of \$160,500 to both the Company's ROU assets and lease liabilities.

The cumulative effect of the changes made to the consolidated statement of financial position as at January 1, 2019 for the adoption of IFRS 16 is as follows:

	As previously reported	Effect of change in accounting policy	As reported under new accounting policy
<b>Property and equipment</b>	\$ -	\$ 160,500.00	\$ 160,500.00
<b>Lease liability (current)</b>	-	(39,375)	(39,375)
<b>Lease liability (non-current)</b>	-	(121,125)	(121,125)
	\$ -	\$ -	\$ -

The operating lease obligations as at December 31, 2018 are reconciled as follows to the recognized lease liabilities as at January 1, 2019:

Operating lease obligations as at December 31, 2018	\$ 32,250.00
Effect from discounting at the incremental borrowing rate as at January 1, 2019	-
<b>Lease liabilities due to initial application of IFRS 16 at January 1, 2019</b>	<b>\$ 32,250.00</b>

#### *New accounting policy for leases under IFRS 16*

The Company assesses whether a contract is or contains a lease, at the beginning of a contract. The Company recognizes a ROU asset and a corresponding lease liability with respect to all lease arrangements in which the lessee, at the commencement of the lease, with the following exceptions (i) the Company has elected not to recognize the ROU assets and liabilities for leases where the total lease term is less than to equal to 12 months, or (ii) for leases of low value. The payments for short-term leases or leases of low value are recognized in the consolidated statement of operations and comprehensive income (loss) on a straight-line basis over the lease term.

The ROU asset is initially measured based on the present value of the lease payments, lease payments made at or before the commencement date, and any initial direct costs. They are subsequently measured at cost less accumulated depreciation and impairment losses. The ROU asset is depreciated over the shorter of the lease term or the useful life of the underlying assets. The ROU asset is subject to testing for impairment if there is an indicator for impairment.

The lease liability is initially measured at the present value of lease payments that are not paid at the commencement date, discounted by using the rate implicit in the lease. If this rate cannot be readily determined, the Company uses its incremental borrowing rate. Lease payments include fixed payments less any lease incentives, and any variable lease payments where variability depends on an index or rate. When the lease contains an extension or purchase option that the Company considers reasonably certain to be exercised, the cost of the option is included in the lease payments.



ROU assets are included in property and equipment, and the lease liability is presented as a separate line in the consolidated statement of financial position. Variable lease payments that do not depend on an index or rate are not included in the measurement of the ROU asset and lease liability. The related payments are recognized as an expense in the period in which the triggering event occurs and are included in the consolidated statement of operations and comprehensive income (loss).

#### **Lease liabilities**

The Company has one lease agreement for office space. The Company did not incur any variable lease payments and there were no leases with residual value guarantees or no leases not yet commenced to which the Company is committed.

	<b>As at</b>
	<b>September 30, 2019</b>
<b>Lease liabilities</b>	\$ 131,475.00
<b>Less, current portion</b>	(10,350)
<b>Long-term portion</b>	\$ 121,125.00

  

	<b>As at</b>
	<b>September 30, 2019</b>
<b>Undiscounted lease liabilities</b>	\$ 141,150
<b>Not later than one year</b>	(20,025)
<b>Later than one year and not later than five years</b>	(121,125)
	\$ -

#### **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.

##### *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, 2019, the Company had cash of \$13,005,538 to settle current liabilities of \$1,407,406. 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, 2019, the Company held deposits in 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 \$18,214. Management believes it has minimal exposure to interest rate risk.

The Company’s short-term investments are comprised of GICs held with Canadian financial institutions which accrue interest at an average rate of 1.53%. As at September 30, 2019, the Company holds three GICs with a combined principal of \$3,600,000 (December 31, 2018 – six GICs with a combined principal of \$7,500,000). As at September 30, 2019, the carrying value of the Company’s short-term investments includes \$42,755 of accrued interest (December 31, 2018 – \$125,533).

(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, 2019.

	<b>US\$</b>	<b>Euro</b>	<b>SEK</b>
Cash	<b>74,672</b>	<b>1,280,958</b>	<b>3,276,977</b>
Receivables	-	<b>30,906</b>	-
Trade payables	<b>(13,322)</b>	<b>(407,847)</b>	<b>(10,625)</b>
Net currency exposure	<b>61,350</b>	<b>904,017</b>	<b>3,266,352</b>

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:

	<b>US\$</b>	<b>Euro</b>	<b>SEK</b>
	<b>6,135</b>	<b>90,402</b>	<b>326,635</b>

(d) 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 investments. Based on the September 30, 2019 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 \$285,300 (2018 - \$35,300).

The Company has identified the following critical accounting policies under which significant judgments, estimates and assumptions are made and where actual results may differ from these estimates under different assumptions and conditions and may materially affect financial results or the financial position reported in future periods:

#### Exploration and evaluation assets

The Company makes certain estimates and assumptions regarding the recoverability of the carrying values of exploration and evaluation assets. These assumptions are changed when conditions exist that indicate that the carrying value may be impaired, at which time an impairment loss is recorded.

#### Receivables

The Company reviews its receivables on a regular basis and makes estimates of any amounts which are not expected to be collected. If such doubt exists, an allowance for doubtful accounts will be recorded.

#### Property and equipment

The Company reviews the estimated useful lives of property and equipment at the end of each reporting period to ensure assumptions are still valid.

#### Share-based payments

The Company makes certain estimates and assumptions when calculating the fair values of stock options and warrants granted. The significant assumptions used include estimates of expected volatility, expected life and the expected risk-free rate of return. Changes in these assumptions may result in a material change to the expense recorded for the issuance of stock options and warrants.

#### Functional currency

The Company has determined the functional currency of each entity is the Canadian dollar. Determination of functional currency may involve certain judgments to determine the primary economic environment and the Company reconsiders the functional currency of its entities if there is a change in events and conditions which determined the primary economic environment.

#### Going concern

The Company must assess its ability to continue as a going concern. Factors that affect this determination include current cash and investments, budgeted expenditures for future periods and the conditions of the market for exploration companies.

### **Management's Responsibility for Financial Statements**

The Board of Directors carries out its responsibility for the consolidated financial statements primarily through the audit committee which is composed primarily of independent, non-executive directors who meet periodically with management and auditors to review financial reporting and internal control matters.

### **Risks and Uncertainties**

The Company is principally involved in mineral exploration which is an inherently high-risk activity. Exploration is also capital intensive and the Company has no sources of funding other than exploration partner financing arrangements with other mining and exploration companies and equity financing. Only the skills of management and staff in mineral exploration and exploration financing serve to mitigate these risks. The ability of the Company to continue operations into the future is dependent upon continuing to obtain favourable results from its exploration activities, which will affect its ability to attract partners and to raise financing.

The Company is currently evaluating its properties and looking for new business opportunities and has a risk of not finding any property or investment that may lead to profitable operations. There can be no assurances that the shareholders will realize any profits from their investment in the Company and may lose their entire investment.

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. Exploration activity is also dependent on the laws of local governments which may change from time to time, and, may have an effect on the Company's exploration programs.

### **Additional Information**

The Company's shares are traded on the TSX Venture Exchange under the stock symbol AU. Financial statements, press releases issued by the Company and all other regulatory filings, including those issued during the nine months ended September 30, 2019, are available through [www.sedar.com](http://www.sedar.com).