



Condensed Consolidated Interim Financial Statements of

AURION RESOURCES LTD.

For the three months ended March 31, 2021 and 2020



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 March 31, 2021 and 2020 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 Chartered Professional Accountants of Canada 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)

	Note	As at March 31 2021 \$	As at December 31, 2020 \$
ASSETS			
CURRENT			
Cash		10,746,696	1,704,898
Reclamation deposit		126,618	126,618
Receivables	6	216,424	240,686
Prepaid expenses		533,874	370,291
Marketable securities	7	4,325,851	5,777,501
Total current assets		15,949,463	8,219,994
EXPLORATION AND EVALUATION ASSETS	8	31,114,447	29,833,450
INVESTMENT IN ASSOCIATE	9	3,548,529	3,851,826
RIGHT-OF-USE ASSETS	10	54,822	63,478
PROPERTY AND EQUIPMENT	11	193,146	216,931
Total assets		50,860,407	42,185,679
LIABILITIES			
CURRENT			
Trade payables and accrued liabilities		687,681	370,395
Lease liability	12	34,332	34,332
Total current liabilities		722,013	404,727
NON-CURRENT			
Lease liability	12	28,738	38,220
Deferred share unit liability	13	395,373	779,442
Total non-current liabilities		424,111	817,662
Total Liabilities		1,146,124	1,222,389
SHAREHOLDERS' EQUITY	13	49,714,283	40,963,290
		50,860,407	42,185,679

BASIS OF PREPARATION

2

SUBSEQUENT EVENTS

16

AUTHORIZED FOR ISSUE ON BEHALF OF THE BOARD OF DIRECTORS ON May 26, 2021:

"Dennis Clarke" Director

"David Loveys" Director

See accompanying notes to the condensed consolidated interim financial statements

AURION RESOURCES LTD.**Condensed Consolidated Interim Statements of Operations and Comprehensive Loss****(Expressed in Canadian Dollars - unaudited)**

	Note	For the three months ended March 31, 2021 \$	For the three months ended March 31, 2020 \$
EXPENSES			
Share-based payments	13	(105,676)	581,134
Wages and benefits		254,041	326,029
General and administrative		231,339	504,501
Professional fees		41,313	47,336
Depreciation	11	28,943	31,365
Accounting		9,682	1,035
Amortization of right-of-use assets	10	8,656	8,656
Consulting fees		4,500	4,516
Interest and bank charges		1,661	1,965
Interest on lease liabilities	12	1,387	2,286
Write-down of exploration and evaluation assets	8	-	3,370
		(475,846)	(1,512,193)
Foreign exchange loss		(37,452)	(26,192)
Interest and other income		25,478	61,461
Share of loss from associate	9	(88,608)	-
Unrealized gain (loss) on marketable securities	7	(1,451,650)	(745,000)
		(1,552,232)	(709,731)
Net Loss and Comprehensive Loss for the Period		(2,028,078)	(2,221,924)
Loss per Common Share - Basic and Diluted		(0.02)	(0.03)
Weighted Average Number of Common Shares Outstanding - Basic and Diluted		90,359,477	83,468,570

See accompanying notes to the condensed consolidated interim financial statements

AURION RESOURCES LTD.

Condensed Consolidated Interim Statements of Changes in Shareholders' Equity

(Expressed in Canadian Dollars - unaudited)

	Number of shares	Share capital	Warrants	Contributed surplus	Share-based payment reserve	Expired stock options and warrants reserve	Deficit	Total equity
		\$	\$		\$	\$	\$	\$
Balance, December 31, 2019	83,432,854	51,101,747	436,758	-	5,879,009	4,032,709	(23,617,648)	37,832,575
Total comprehensive loss for March 31, 2020							(2,221,924)	(2,221,924)
Exercise of stock options	40,000	74,209	-	-	(30,209)	-	-	44,000
Exercise of finders' warrants	3,917	7,621	(2,415)	-	-	-	-	5,206
Share-based payments - stock options	-	-	-	-	831,099	-	-	831,099
Balance, March 31, 2020	83,476,771	51,183,577	434,343	-	6,679,899	4,032,709	(25,839,572)	36,490,956
Balance, December 31, 2020	83,476,771	51,183,577	434,343	4,332,608	7,475,072	4,032,709	(26,495,019)	40,963,290
Total comprehensive loss for March 31, 2021							(2,028,078)	(2,028,078)
Shares issued for private placements	13,425,033	11,411,278	-	-	-	-	-	11,411,278
Exercise of stock options	1,800,000	353,850	-	-	(173,850)	-	-	180,000
Contribution from associate	-	-	-	(214,689)	-	-	-	(214,689)
Share-based payments - stock options	-	-	-	-	131,548	-	-	131,548
Share issuance costs - cash	-	(729,066)	-	-	-	-	-	(729,066)
Balance, March 31, 2021	98,701,804	61,943,396	710,586	4,117,919	7,432,770	4,032,709	(28,523,097)	49,714,283

See accompanying notes to the condensed consolidated interim financial statements

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

	Note	For the three months ended March 31, 2021 \$	For the three months ended March 31, 2020 \$
OPERATING ACTIVITIES			
Net loss for the period		(2,028,078)	(2,221,924)
Items not affecting cash:			
Share-based payments	13	(252,521)	581,134
Share of loss from associate	9	88,608	-
Depreciation	11	28,943	31,365
Amortization of right-of-use asset	10	8,656	8,656
Write-down of exploration and evaluation assets	8	-	3,370
Interest on lease liabilities	12	1,387	2,286
Unrealized loss on marketable securities	7	1,451,650	745,000
Accrued interest income		-	(29,576)
Changes in non-cash operating working capital	14	177,965	(86,275)
		(523,390)	(965,963)
INVESTING ACTIVITIES			
Exploration and evaluation expenditures, net		(1,280,997)	(2,867,995)
Purchase of property and equipment		(5,158)	(12,679)
		(1,286,155)	(2,880,674)
FINANCING ACTIVITIES			
Proceeds from issuance of share capital - net	13	10,862,212	49,206
Repayment of lease liabilities		(9,482)	(8,583)
Interest paid on lease liabilities	12	(1,387)	(2,286)
		10,851,343	38,337
INCREASE (DECREASE) IN CASH		9,041,798	(3,808,300)
CASH, BEGINNING OF PERIOD		1,704,898	8,750,837
CASH, END OF PERIOD		10,746,696	4,942,537
SUPPLEMENTAL CASH FLOW INFORMATION	14		

See accompanying notes to the condensed consolidated interim financial statements

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Notes to the Condensed Consolidated Interim Financial Statements

For the three months ended March 31, 2021 and 2020

(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 was continued into British Columbia on August 10, 2018 under the *Business Corporations Act (British Columbia)*. The Company was listed on the TSX Venture Exchange (the “Exchange”) on October 3, 2008. The Company has its registered head office at 6204 125th Street, Surrey, BC, Canada, and its principal office is 120 Torbay Road, Suite W240, St. John’s, Newfoundland and Labrador, Canada. The Company and its wholly-owned subsidiaries 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 months ended March 31, 2021 were authorized for issuance by the Board of Directors of the Company on May 26, 2021.

In March 2020, the World Health Organization declared COVID-19 a global pandemic. This contagious disease outbreak, which has continued to spread, and any related adverse public health developments, has adversely affected workforces, economies, and financial markets globally, potentially leading to an economic downturn. It is not possible for the Company to predict the duration or magnitude of the adverse results of the outbreak and its effects on the Company’s business or results of operations at this time.

2. BASIS OF PREPARATION

Statement of compliance

These financial statements have been prepared in accordance with International Accounting Standard (“IAS”) 34 *Interim Financial Reporting* in accordance with 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. (Mexico), Aurion Resources (US) LLC (USA), Aurion Resources AB (Sweden), Aurion Resources Oy (Finland) and FennoEx Oy (Finland). 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 March 31, 2021, the Company had an accumulated deficit of \$28,523,098 (December 31, 2019 - \$26,495,019). 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

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2. BASIS OF PREPARATION (Continued)

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.

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 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, 2020. These financial statements have been prepared using the same accounting policies as described in the Company's December 31, 2020 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

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4. CAPITAL MANAGEMENT (Continued)

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 three months ended March 31, 2021. The Company is not subject to externally imposed capital requirements.

5. FINANCIAL INSTRUMENTS

Financial instruments recorded at fair value on the consolidated 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 March 31, 2021	Level 1	Level 2	Level 3	Total
Financial assets	\$	\$	\$	\$
Cash	10,746,696	-	-	10,746,696
Marketable securities	4,325,851	-	-	4,325,851
Total financial assets	<u>15,072,547</u>	<u>-</u>	<u>-</u>	<u>15,072,547</u>

As at December 31, 2020	Level 1	Level 2	Level 3	Total
Financial assets	\$	\$	\$	\$
Cash	1,704,898	-	-	1,704,898
Marketable securities	5,777,501	-	-	5,777,501
Total financial assets	<u>7,482,399</u>	<u>-</u>	<u>-</u>	<u>7,482,399</u>

As at March 31, 2021	Level 1	Level 2	Level 3	Total
Financial liabilities	\$	\$	\$	\$
Deferred share unit liabilities	395,373	-	-	395,373
Total financial liabilities	<u>395,373</u>	<u>-</u>	<u>-</u>	<u>395,373</u>

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5. FINANCIAL INSTRUMENTS (Continued)

As at December 31, 2020	Level 1	Level 2	Level 3	Total
	\$	\$	\$	\$
Financial liabilities				
Deferred share unit liabilities	779,442	-	-	779,442
Total financial liabilities	779,442	-	-	779,442

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 March 31, 2021, the Company had cash of \$10,746,696 to settle current liabilities of \$722,013. 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's current policy is to invest excess cash in either interest bearing deposit accounts or Guaranteed Income Certificates ("GICs") issued by its financial institutions. Management believes it has minimal exposure to interest rate risk.

As at March 31, 2021, the Company held no short term investments (December 31, 2020 – nil). As at March 31, 2021, the carrying value of the Company's short-term investments was \$nil (December 31, 2020 - \$nil) including \$nil of accrued interest (December 31, 2020 – \$nil).

(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

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5. FINANCIAL INSTRUMENTS (Continued)

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 March 31, 2021.

	US\$	Euro	SEK
Cash	26,356	932,747	80,565
Receivables	-	88,724	19,763
Trade payables	(1,500)	(261,741)	(34,531)
Net currency exposure	24,856	759,730	65,796

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
	2,486	75,973	6,581

(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 investments. Based on the March 31, 2021 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 \$432,851 (December 31, 2020 - \$577,750).

6. RECEIVABLES

A summary of the Company's receivables is as follows:

	March 31, 2021	December 31, 2020
	\$	\$
Harmonized sales tax receivable	41,654	12,151
Value added tax receivable	135,968	228,535
Due from related party (Note 15)	38,802	-
	216,424	240,686

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Notes to the Condensed Consolidated Interim Financial Statements

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(Expressed in Canadian Dollars - unaudited)

7. MARKETABLE SECURITIES

Marketable securities consist of common shares listed on an active market that have been received pursuant to mineral property option agreements (Note 8). Changes in marketable securities outstanding are as follows:

	Total (\$)
<u>Cost</u>	
December 31, 2020	4,192,168
March 31, 2021	4,192,168
<u>Fair Value</u>	
December 31, 2020	5,777,501
Unrealized gain (loss)	(1,451,650)
March 31, 2021	4,325,851
<u>Cost</u>	
December 31, 2019	3,713,000
March 31, 2020	3,713,000
<u>Fair Value</u>	
December 31, 2019	3,505,000
Unrealized gain (loss)	(745,000)
March 31, 2020	2,760,000

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.

8. EXPLORATION AND EVALUATION ASSETS

As at March 31, 2021

Geographical Area	Balance, Beginning of Period	Additions	Receipts From Partners	Properties Written Down	Balance, End of Period
	\$		\$	\$	\$
Finland	29,812,382	1,280,997	-	-	31,093,379
Sweden	-	-	-	-	-
United States	21,068	-	-	-	21,068
Mexico	-	-	-	-	-
	29,833,450	1,280,997	-	-	31,114,447

AURION RESOURCES LTD.

Notes to the Condensed Consolidated Interim Financial Statements

For the three months ended March 31, 2021 and 2020

(Expressed in Canadian Dollars - unaudited)

8. EXPLORATION AND EVALUATION ASSETS (Continued)

As at December 31, 2020

Geographical Area	Balance, Beginning of Year	Additions	Receipts From Partners	Properties Written Down	Balance, End of Year
	\$		\$	\$	\$
Finland	21,411,308	8,933,395	(528,076)	(4,245)	29,812,382
Sweden	447,446	-	-	(447,446)	-
United States	19,475	1,593	-	-	21,068
Mexico	-	5,885	-	(5,885)	-
	21,878,229	8,940,873	(528,076)	(457,576)	29,833,450

- (a) 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 in Finland. On January 18, 2016, the Company formalized a definitive Option Agreement (“Option Agreement”) with B2Gold consistent with the terms of the binding Letter agreement signed on August 12, 2015.

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 common shares over four years to earn an initial 51% interest. B2Gold can earn an additional 19% interest by spending a further \$10,000,000 over two 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 2,000 meters of drilling and payment of \$50,000 cash and 50,000 B2Gold shares, is guaranteed. Over the period of January 18, 2016 to August 13, 2019, B2Gold fulfilled the terms of the Option Agreement and the Company received a total of \$50,000 in cash and 550,000 B2Gold common shares.

On August 1, 2019, the Company received the final 200,000 B2Gold common shares as per the Option Agreement at a value of \$884,000 (Note 7). The carrying value of the properties under the Option Agreement was reduced to Nil and the remaining amount of \$459,442 was recorded as a gain on property transactions in the consolidated statements of operations and comprehensive loss.

On August 13, 2019, the Company received a Notice of Exercise of Option from B2Gold confirming that B2Gold had fulfilled its obligations under the Option Agreement dated January 18, 2016, and that as of August 14, 2019, the Option was deemed to be exercised.

On August 14, 2019, the Company entered into a Shareholders Agreement (“Shareholders Agreement”) with B2Gold for the management and operation of a new company to be incorporated upon exercise of the Option on August 13, 2019. Fingold Ventures Ltd. (“Fingold”) was incorporated on August 14, 2019 (Note 9). The Kutuvuoma, Ahvenjarvi, Sore-Eksy, Tepsa and Sinermanpalo properties were transferred into Fingold and as per the terms of the Shareholders Agreement, B2Gold holds 51% and the Company holds 49% of Fingold share capital. B2Gold has the right to earn up to

AURION RESOURCES LTD.

Notes to the Condensed Consolidated Interim Financial Statements

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(Expressed in Canadian Dollars - unaudited)

8. EXPLORATION AND EVALUATION ASSETS (Continued)

75% in Fingold. B2Gold can earn an additional 19% by spending \$10,000,000 within two years and earn a further 5% by funding all programs and budgets until the completion of a Feasibility Study.

- (b) On January 31, 2018, the Company signed a non-binding Letter of Intent (“LOI”) with Kinross Gold Corporation (“Kinross”), granting Kinross the right to earn up to an undivided 70% interest in the Outa project, an area covering approximately 15,000 ha in Northern Finland. Under the terms of the LOI, Kinross must spend US\$5,000,000 over five years to earn a 70% interest in the project and Kinross has agreed to expend US\$1,000,000 on exploration of the project within the first two years.

On August 17, 2018, the Company entered into an Option Agreement with Kinross pursuant to the terms of the LOI signed on January 31, 2018.

- (c) 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 a 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. During the year ended December 31, 2019, the Company received \$500,000 cash and 3,000,000 Strategic shares at a fair value of \$1,830,000 (Note 7). The carrying value of the Silasselka Property was reduced to nil and the remaining amount of \$1,973,695 was recorded as a gain on property transactions in the consolidated statements of operations and comprehensive loss. During the year ended December 31, 2020, the Company received 1,916,667 Strategic shares at a fair value of \$479,168 (Note 7) which was reflected as a gain on property transactions in the consolidated statements of operations and comprehensive loss.

On June 16, 2020, the Company signed an agreement to amend the terms of the option agreement entered into with Strategic on April 24, 2019. Under the terms of the amending agreement, Strategic was granted a single option to acquire 100% interest in the Silasselka property by paying \$500,000 and granting 8,000,000 common shares of Strategic over three years and, with the exception of expenditures required to keep the property in good standing, the requirement to incur a minimum of \$3,000,000 in expenditures was waived.

- (d) During the year ended December 31, 2020, the Company determined that the land permits in Sweden no longer hold merit for future development. The carrying value of the properties was reduced to nil by a write down of \$447,446 recorded at December 31, 2020.

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9. INVESTMENT IN ASSOCIATE

The Company has a 49% equity interest (4,900 common shares) in Fingold which was incorporated on August 14, 2019, subsequent to B2Gold exercising its Option on August 13, 2019 (See Note 8), pursuant to the Option Agreement entered into on January 18, 2016. The Company will not contribute any capital to Fingold until such time that B2Gold fulfills its commitment to spend \$10 million in exploration expenditures pursuant to the terms of the Option Agreement.

	As at March 31, 2021
	\$
Current assets	568,293
Non-current assets	11,491,545
Current liabilities	(4,817,940)
Non-current liabilities	-
Loss for the period	(180,833)
The Company's percent of ownership	49%

The following table is a reconciliation of the carrying value of the investment in Fingold:

	March 31, 2021
	\$
Opening balance	3,851,826
Contribution from associate	(214,689)
Proportionate share of loss	(88,608)
Ending balance	3,548,529

10. RIGHT-OF-USE ASSETS

Upon transition to IFRS 16 at January 1, 2019, the Company identified one office lease for its corporate office space in St. John's, NL. The continuity of ROU assets is as follows:

	March 31, 2021	December 31, 2020
	\$	\$
ROU assets, opening balance	63,478	98,102
Less, depreciation of ROU assets	(8,656)	(34,624)
ROU assets, ending balance	54,822	63,478

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(Expressed in Canadian Dollars - unaudited)

11. PROPERTY AND EQUIPMENT

	Computers	Furniture and Equipment	Total
	\$	\$	\$
Cost:			
At December 31, 2020	252,384	320,827	573,211
Additions	5,158	-	5,158
Disposals	-	-	-
At March 31, 2021	257,542	320,827	578,369
Depreciation:			
At December 31, 2020	215,709	140,571	356,280
Additions	13,201	15,742	28,943
Disposals	-	-	-
At March 31, 2021	228,910	156,313	385,223
Carrying value:			
At December 31, 2020	36,675	180,256	216,931
At March 31, 2021	28,632	164,514	193,146

	Computers	Furniture and Equipment	Total
	\$	\$	\$
Cost:			
At December 31, 2019	247,136	308,149	555,285
Additions	5,248	12,678	17,926
Disposals	-	-	-
At December 31, 2020	252,384	320,827	573,211
Depreciation:			
At December 31, 2019	156,354	76,816	233,170
Additions	59,355	63,755	123,110
Disposals	-	-	-
At December 31, 2020	215,709	140,571	356,280
Carrying value:			
At December 31, 2019	90,782	231,333	322,115
At December 31, 2020	36,675	180,256	216,931

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12. LEASE LIABILITES

Upon transition to IFRS 16 at January 1, 2019, the Company identified one lease contract for its corporate office space in St. John's, NL that is reconciled to lease liabilities as follows:

	\$
Operating lease obligations as at December 31, 2018	161,179
Effect from discounting at the incremental borrowing rate as at January 1, 2019 ⁽¹⁾	(28,453)
Lease liabilities due to intial application of IFRS 16 at January 1, 2019	132,726

(1) The lease liabilities were discounted using an incremental borrowing rate at January 1, 2019 of 10% per annum.

The continuity for the lease liabilities is as follows:

	March 31, 2021 \$	December 31, 2020 \$
Lease liabilities, opening balance	72,552	106,885
Less, lease payments	(10,869)	(43,476)
Interest expense	1,387	9,143
Lease liabilites, ending balance	63,070	72,552
Less, current portion of lease liabilities	(34,332)	(34,332)
Non-current portion of lease liabilities	28,738	38,220

13. 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 January 19, 2021, the Company issued 1,800,000 common shares pursuant to the exercise of stock options for gross proceeds of \$180,000 (\$0.10 per share). The Company also recorded a fair value transfer between share-based payment reserve and share capital of \$173,850 in connection with the exercise.

On February 23, 2021, the Company announced the completion of a marketed private placement and a non-brokered private placement for an aggregate of 13,425,033 common shares issued at a price of \$0.85 for gross proceeds of \$11,411,278.

Under the marketed private placement, a total of 11,855,033 common shares were issued at a price of \$0.85 for gross proceeds of \$10,076,778. The marketed private placement was led by Cormark Securities Inc. on behalf of a syndicate of agents (collectively, the "Agents") including Canaccord Genuity Corp., Haywood Securities Inc, and PI Financial Corp. In consideration for their services, the Agents received a cash commission of \$537,723, equal to 5.5% of the gross proceeds of the marketed private placement,

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13. SHAREHOLDERS' EQUITY (Continued)

other than in respect to certain purchasers on a president's list (the "President's List"), in which case such cash commission was reduced to 2.75%. Additionally, the Agents received 632,615 broker warrants (the "Broker Warrants") such a number equal to 5.5% of the number of Common Shares issued under the Offering, and other than in respect of certain purchasers on the President's List, in which case such number of Broker Warrants was reduced to 2.75%. The Broker Warrants are exercisable at a price of \$0.85 per common share for a period of two years from the closing of the marketed private placement. The fair value of the broker warrants granted was estimated at \$276,243 (\$0.44 per warrant) based on the Black-Scholes pricing model, with the following assumptions: risk-free interest rate of 1.5%, volatility of 87%, dividend yield of 0%, forfeiture rate of 0% and an expected life of two years. The Company incurred other costs of \$191,343 in cash for total share issuance costs in connection with the brokered and non-brokered private placement of \$1,005,309.

Under the non-brokered financing, a total of 1,570,000 common shares were issued for gross proceeds of \$1,334,500. The non-brokered financing was fully subscribed by Kinross who exercised their pro rata right granted pursuant to a prior financing to maintain a 9.98% interest in the issued and outstanding shares of the Company.

Issued during the year ended December 31, 2020:

On January 16, 2020, the Company issued 40,000 common shares pursuant to the exercise of stock options for gross proceeds of \$44,000 (\$1.10 per share). The Company also recorded a fair value transfer between share-based payment reserve and share capital of \$30,209 in connection with the exercise.

On January 17, 2020 and February 11, 2020, the Company issued 1,487 common shares pursuant to the exercise of warrants for gross proceeds of \$1,561 (\$1.05 per warrant). The Company also recorded a fair value transfer between warrants reserve and share capital of \$732 in connection with the exercise.

On January 17, 2020 and February 11, 2020, the Company issued 2,430 common shares pursuant to the exercise of warrants for gross proceeds of \$3,645 (\$1.50 per warrant). The Company also recorded a fair value transfer between warrants reserve and share capital of \$1,683 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 March 31, 2021.

Deferred Share Units

The Company has a Deferred Share Unit Plan ("DSU Plan") under which Deferred Share Units may be granted to directors, officers and employees of the Company. The purpose of the Company's DSU Plan is to advance the interests of the Company by: (i) aligning the interests of directors, officers and employees with the interests of the shareholders; (ii) encouraging directors, officers and employees to remain associated with the Company; and (iii) furnishing directors, officers and employees with an

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13. SHAREHOLDERS' EQUITY (Continued)

additional incentive in their efforts on behalf of the Company. DSUs are redeemable upon departure from the Company, at the holder's option, and will be settled in cash from the general assets of the Company. The fair value of DSUs granted will be recorded as a bookkeeping entry on the books of the Company, the value of which on any particular date being equal to the market value of the Company shares.

Changes in DSUs outstanding are as follows:

	March 31, 2021	
	Granted	Vested
Balance, December 31, 2020	1,327,098	316,964
Granted	530,488	-
Vested	-	46,947
Redeemed	(174,815)	(174,815)
Cancelled	(317,448)	-
Balance, March 31, 2021	1,365,323	189,096

	December 31, 2020	
	Granted	Vested
Balance, December 31, 2019	716,786	78,035
Granted	610,312	-
Vested	-	238,929
Balance, December 31, 2020	1,327,098	316,964

On March 31, 2021, the Company issued 530,488 DSUs to certain officers under its DSU plan at a market value of \$0.82 per DSU. These DSUs will vest one third on each of March 31, 2022, March 31, 2023, and March 31, 2024.

Effective March 31, 2021, upon the resignation of the President (see Note 15), 174,815 DSUs, the total vested DSUs held by the President at that date, were redeemed at a value of \$0.84 per DSU for a cash payment of \$146,844 with an offset recorded to deferred share unit liability. As a part of this transaction, 317,448 DSUs, the total unvested DSUs held by the President at that date, were cancelled and the previously recorded expense of \$127,901 related to these DSUs was recorded as a credit to share-based payments with an offset to deferred share unit liability.

During the three months ended March 31, 2021, the Company recognized a gain of \$109,324 in share-based payment expense relating to DSUs outstanding with an offset recorded in deferred share unit liability.

As a result of DSUs marked to market at March 31, 2021, along with adjustments recorded for redemptions and cancellations, the total DSU liability was \$395,373 (December 31, 2020 - \$779,442).

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13. SHAREHOLDERS' EQUITY (Continued)

The following is a summary of DSUs granted to officers, directors and employees for the three months ended March 31, 2021:

Grant date	# DSUs granted	Market value*	Vesting details
31-Mar-21	530,488	\$ 0.82	1/3 on each of first, second and third anniversaries of grant
	530,488		

* Volume weighted average trading price for 5 days prior to grant date

During the year ended December 31, 2020 the Company recognized \$293,546 in share-based payment expense relating to DSUs outstanding with the offset recorded as a deferred share unit liability.

The following is a summary of DSUs granted to officers, directors and employees for the year ended December 31, 2020:

Grant date	# DSUs granted	Market value*	Vesting details
31-Mar-20	140,845	\$ 0.71	1/3 on each of first, second and third anniversaries of grant
30-Jun-20	78,125	\$ 1.28	1/3 on each of first, second and third anniversaries of grant
29-Jul-20	162,602	\$ 1.23	1/3 on each of first, second and third anniversaries of grant
30-Sep-20	78,740	\$ 1.27	1/3 on each of first, second and third anniversaries of grant
31-Dec-20	150,000	\$ 1.10	1/3 on each of first, second and third anniversaries of grant
	610,312		

* Volume weighted average trading price for 5 days prior to grant date

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.

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13. SHAREHOLDERS' EQUITY (Continued)

Changes in stock options outstanding are as follows:

	<u>March 31, 2021</u>	
	Number	Weighted-Average Exercise Price (\$)
Balance, December 31, 2020	7,745,000	1.17
Granted	1,965,000	0.95
Exercised	(1,800,000)	0.10
Expired	-	-
Balance, March 31, 2021	7,910,000	1.36

	<u>December 31, 2020</u>	
	Number	Weighted-Average Exercise Price (\$)
Balance, December 31, 2019	7,685,000	1.17
Granted	100,000	1.38
Exercised	(40,000)	(1.10)
Expired	-	-
Balance, December 31, 2020	7,745,000	1.17

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

Exercise Price (\$)	<u>Total Outstanding Options</u>			<u>Total Exercisable Options</u>		
	Number of Outstanding Options	Remaining Contractual Life	Weighted-Average Exercise Price (\$)	Number of Exercisable Options	Remaining Contractual Life	Weighted-Average Exercise Price (\$)
0.26	175,000	0.25	0.26	175,000	0.25	0.26
0.95	1,965,000	4.94	0.95	-	4.94	0.95
1.00	400,000	1.81	1.00	400,000	1.81	1.00
1.05	275,000	2.72	1.05	275,000	2.72	1.05
1.10	1,110,000	1.93	1.10	1,110,000	1.93	1.10
1.38	100,000	4.33	1.38	50,000	4.33	1.38
1.67	300,000	3.65	1.67	300,000	3.65	1.67
1.75	1,975,000	1.03	1.75	1,975,000	1.03	1.75
1.78	1,510,000	3.44	1.78	1,510,000	3.44	1.78
1.79	100,000	3.68	1.79	100,000	3.68	1.79
	7,910,000	2.84	1.36	5,895,000	2.13	1.50

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13. 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 three months ended March 31, 2021, the Company recorded share-based payment expense of \$131,548 which represents the fair value of stock options vested, granted and accrued with offsetting amount credited to reserves.

On March 17, 2021, the Company granted 1,965,000 stock options to directors, officers, employees and consultants, exercisable at a price of \$0.95 per share until March 9, 2026. The fair value of the stock options granted was estimated at \$0.63 per option based on the Black-Scholes option pricing model, with the following assumptions: risk-free interest rate of 0.58%, volatility of 99.73%, dividend yield of 0%, forfeiture rate of 0%, and an expected life of 5 years. Of the total stock options issued, 100,000 will vest in two tranches, 50% on March 9, 2022 and 50% on September 9, 2022 and 1,865,000 will vest in two tranches, 50% on September 9, 2021 and 50% on March 9, 2022.

During the year ended December 31, 2020, the Company recorded share-based payment expense of \$1,626,272 which represents the fair value of stock options vested, granted and accrued with offsetting amount credited to reserves.

On July 28, 2020, the Company granted 100,000 stock options to a director, exercisable at a price of \$1.38 per share until July 28, 2025. The fair value of the stock options granted was estimated at \$0.99 per option based on the Black-Scholes option pricing model, with the following assumptions: risk-free interest rate of 0.33%, volatility of 109.24%, 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 January 28, 2021 and 50% on July 28, 2021.

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.

Warrants

Changes in warrants outstanding are as follows:

	Number	Weighted-Average Exercise Price (\$)
Balance, December 31, 2020	720,481	1.30
Issued	632,615	0.85
Balance, March 31, 2021	1,353,096	1.09

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13. SHAREHOLDERS' EQUITY (Continued)

	Number	Weighted-Average Exercise Price (\$)
Balance, December 31, 2019	724,398	1.30
Exercised	(3,917)	1.33
Balance, December 31, 2020	720,481	1.30

The following table summarizes information about warrants outstanding:

Number of Outstanding Warrants	Exercise Price (\$)	Expiry Date
322,911	1.05	April 10, 2021
397,570	1.50	July 31, 2021
632,615	0.85	February 23, 2023
1,353,096		

14. SUPPLEMENTAL CASH FLOW INFORMATION

	For the three months ended March 31, 2021	For the year ended December 31, 2020
<i>Non-cash investing and financing activities</i>	\$	\$
Contribution from associate (Note 9)	(214,669)	4,332,608
Receipt of marketable securities as consideration for option payments (Note 7)	-	479,167
Exploration and evaluation costs remaining in trade payables and accrued liabilities	380,997	220,713
Fair value of warrants issued (Note 13)	276,243	-

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14. SUPPLEMENTAL CASH FLOW INFORMATION (Continued)

	For the three months ended March 31, 2021	For the year ended December 31, 2020
<i>Changes in non-cash operating working capital</i>	\$	\$
Change in receivables	24,262	537,993
Change in prepaid expenses	(163,583)	(14,259)
Change in trade payables and accrued liabilities	317,286	(168,483)
	<u>177,965</u>	<u>355,251</u>

15. RELATED PARTY TRANSACTIONS

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

	Three months ended March 31,	
	2021	2020
	\$	\$
Michael Basha, (former President)	(1,005)	(76,689)
Matti Talikka, CEO	96,041	5,000
Mark Serdan, CFO	20,578	(6,535)
Mark Santarossa, VP Corporate Development	25,494	151,386
Other Directors	6,483	(188,832)
	<u>147,591</u>	<u>(115,670)</u>
Amounts expensed as:		
Salary and other short-term benefits for the former President	50,000	50,000
Salary and other short-term benefits for the CEO	50,000	-
Salary and other short-term benefits for the CFO	37,500	37,500
Salary and other short-term benefits, VP Corp Dev	24,624	31,250
Directors' Fees	15,000	20,000
Share-based compensation	(29,533)	(254,420)
	<u>147,591</u>	<u>(115,670)</u>

On January 13, 2021, the Company approved a short-term loan to the CEO of the Company. The loan was issued to cover payroll taxes due upon exercise of stock options. The principal amount of the loan is \$38,720 which will accrue interest at a rate of 1% per annum and is to be repaid on or before January 13, 2022. For the three months ended March 31, 2021, the Company recorded interest receivable of \$82, reflected as interest income in the comprehensive statement of loss.

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15. RELATED PARTY TRANSACTIONS (Continued)

The following table summarizes information about loans receivable at March 31, 2021:

	\$
Loan to related party	38,720
Interest receivable	82
Balance, loan and interest receivable	38,802

On March 30, 2021, the Company announced the resignation of Michael Basha as President and director of the Company, effective March 31, 2021. Mr. Basha will continue as a consultant and technical advisor to the Company.

16. SUBSEQUENT EVENTS

On May 3, 2021, the Company received formal notice from Kinross that, pursuant to Section 8.1 (a) of the Option agreement dated August 17, 2018, the Option agreement with the Company has been terminated effective April 1, 2021.