



Condensed Consolidated Interim Financial Statements of

AURION RESOURCES LTD.

For the three and nine months ended September 30, 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 September 30, 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 September 30 2021 \$	As at December 31, 2020 \$
ASSETS			
CURRENT			
Cash		6,697,798	1,704,898
Reclamation deposit		126,618	126,618
Receivables	6	262,092	240,686
Prepaid expenses		465,633	370,291
Marketable securities	7	4,830,001	5,777,501
Total current assets		12,382,142	8,219,994
EXPLORATION AND EVALUATION ASSETS	8	34,093,172	29,833,450
INVESTMENT IN ASSOCIATE	9	3,372,176	3,851,826
RIGHT-OF-USE ASSETS	10	37,510	63,478
PROPERTY AND EQUIPMENT	11	110,624	216,931
Total assets		49,995,624	42,185,679
LIABILITIES			
CURRENT			
Trade payables and accrued liabilities		709,425	370,395
Lease liability	12	34,332	34,332
Total current liabilities		743,757	404,727
NON-CURRENT			
Lease liability	12	9,774	38,220
Deferred share unit liability	13	575,902	779,442
Total non-current liabilities		585,676	817,662
Total Liabilities		1,329,433	1,222,389
SHAREHOLDERS' EQUITY	13	48,666,191	40,963,290
		49,995,624	42,185,679

BASIS OF PREPARATION

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AUTHORIZED FOR ISSUE ON BEHALF OF THE BOARD OF DIRECTORS ON November 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 September 30, 2021 \$	For the three months ended September 30, 2020 \$	For the nine months ended September 30, 2021 \$	For the nine months ended September 30, 2020 \$
EXPENSES					
Share-based payments	13	319,391	390,855	949,655	1,766,212
Wages and benefits		163,291	212,394	764,144	715,002
General and administrative		305,925	202,696	785,752	919,446
Professional fees		33,253	44,685	101,905	95,155
Depreciation	11	28,253	39,961	76,539	94,103
Accounting		8,851	20,636	51,998	64,664
Amortization of right-of-use assets	10	8,656	8,656	25,968	25,968
Consulting fees		16,500	4,500	27,500	13,516
Interest and bank charges		802	3,374	3,563	4,564
Interest on lease liabilities	12	1,387	2,285	4,161	6,858
Write-down of exploration and evaluation assets	8	2,435	2,515	10,594	5,885
		(888,744)	(932,557)	(2,801,779)	(3,711,373)
Foreign exchange gain (loss)		3,371	21,916	(49,534)	80,111
Interest and other income		25,328	19,414	75,453	131,042
Gain on sale of equipment		2,798	-	2,798	-
Gain on property transactions	8	-	-	517,501	479,168
Share of loss from associate	9	(59,398)	-	(277,790)	-
Unrealized gain (loss) on marketable securities	7	546,667	1,187,917	(1,465,001)	2,292,917
		518,766	1,229,247	(1,196,573)	2,983,238
Net Income (Loss) and Comprehensive Loss for the Period		(369,978)	296,690	(3,998,352)	(728,135)
Income (Loss) per Common Share - Basic and Diluted		(0.004)	0.004	(0.04)	(0.01)
Weighted Average Number of Common Shares Outstanding - Basic and Diluted		98,876,904	83,476,771	96,036,013	83,474,253

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 September 30, 2020							(728,135)	(728,135)
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	-	-	-	-	1,540,661	-	-	1,540,661
Balance, September 30, 2020	83,476,771	51,183,577	434,343	-	7,389,461	4,032,709	(24,345,783)	38,694,307
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 September 30, 2021							(3,998,352)	(3,998,352)
Shares issued for private placements	13,425,033	11,411,278	-	-	-	-	-	11,411,278
Exercise of stock options	1,975,000	444,910	-	-	(219,410)	-	-	225,500
Expiry of finders' warrants	-	-	(434,343)	-	-	434,343	-	-
Contribution from associate	-	-	-	(201,860)	-	-	-	(201,860)
Share-based payments - stock options	-	-	-	-	1,006,350	-	-	1,006,350
Share issuance costs - cash	-	(740,015)	-	-	-	-	-	(740,015)
Share issuance costs - finders' warrants	-	(276,243)	276,243	-	-	-	-	-
Balance, September 30, 2021	98,876,804	62,023,507	276,243	4,130,748	8,262,012	4,467,052	(30,493,371)	48,666,191

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 nine months ended September 30, 2021 \$	For the nine months ended September 30, 2020 \$
OPERATING ACTIVITIES			
Net loss for the period		(3,998,352)	(728,135)
Items not affecting cash:			
Share-based payments	13	802,810	1,766,212
Share of loss from associate	9	277,790	-
Depreciation	11	76,539	94,103
Amortization of right-of-use asset	10	25,968	25,968
Write-down of exploration and evaluation assets	8	10,594	5,885
Interest on lease liabilities	12	4,161	6,858
Unrealized gain (loss) on marketable securities	7	1,465,001	(2,292,917)
Gain on property transactions	8	(517,501)	-
Accrued interest income		-	(59,956)
Changes in non-cash operating working capital	14	222,282	437,374
		(1,630,708)	(744,608)
INVESTING ACTIVITIES			
Exploration and evaluation expenditures, net		(4,270,316)	(7,200,702)
Purchase of property and equipment		(5,158)	(17,926)
Interest income received		-	93,400
Short-term investments		-	1,000,000
Proceeds from disposal of assets		34,926	-
		(4,240,548)	(6,125,228)
FINANCING ACTIVITIES			
Proceeds from issuance of share capital - net	13	10,896,763	49,206
Repayment of lease liabilities		(28,446)	(25,749)
Interest paid on lease liabilities	12	(4,161)	(6,858)
		10,864,156	16,599
INCREASE (DECREASE) IN CASH		4,992,900	(6,853,237)
CASH, BEGINNING OF PERIOD		1,704,898	8,750,837
CASH, END OF PERIOD		6,697,798	1,897,600
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 and nine months ended September 30, 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 and records 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 and nine months ended September 30, 2021 were authorized for issuance by the Board of Directors of the Company on November 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 September 30, 2021, the Company had an accumulated deficit of \$30,493,371 (December 31, 2020 - \$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 since the year ended December 31, 2020. 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 September 30, 2021	Level 1	Level 2	Level 3	Total
Financial assets	\$	\$	\$	\$
Cash	6,697,798	-	-	6,697,798
Marketable securities	4,830,001	-	-	4,830,001
Total financial assets	11,527,799	-	-	11,527,799

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	7,482,399	-	-	7,482,399

As at September 30, 2021	Level 1	Level 2	Level 3	Total
Financial liabilities	\$	\$	\$	\$
Deferred share unit liabilities	575,902	-	-	575,902
Total financial liabilities	575,902	-	-	575,902

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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 September 30, 2021, the Company had cash of \$6,697,798 to settle current liabilities of \$743,757. 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 September 30, 2021, the Company held no short term investments (December 31, 2020 – nil). As at September 30, 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).

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5. FINANCIAL INSTRUMENTS (Continued)

(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, 2021.

	US\$	Euro	SEK
Cash	22,874	818,065	45,661
Receivables	-	145,705	-
Trade payables	(14,400)	(300,692)	-
Net currency exposure	8,474	663,078	45,661

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
	847	66,308	4,567

(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 September 30, 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 \$483,000 (December 31, 2020 - \$577,750).

6. RECEIVABLES

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

	September 30, 2021	December 31, 2020
	\$	\$
Harmonized sales tax receivable	16,664	12,151
Value added tax receivable	206,431	228,535
Due from related party (Note 15)	38,997	-
	262,092	240,686

AURION RESOURCES LTD.

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
Additions	517,501
September 30, 2021	4,709,669
<u>Fair Value</u>	
December 31, 2020	5,777,501
Additions	517,501
Unrealized gain (loss)	(1,465,001)
September 30, 2021	4,830,001
<u>Cost</u>	
December 31, 2019	3,713,000
September 30, 2020	3,713,000
<u>Fair Value</u>	
December 31, 2019	3,505,000
Unrealized gain (loss)	(745,000)
September 30, 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 September 30, 2021

Geographical Area	Balance,	Additions	Receipts	Properties Written Down	Balance,
	Beginning of Period		From Partners		End of Period
	\$	\$	\$	\$	\$
Finland	29,812,382	4,270,316	-	(10,594)	34,072,104
Sweden	-	-	-	-	-
United States	21,068	-	-	-	21,068
Mexico	-	-	-	-	-
	29,833,450	4,270,316	-	(10,594)	34,093,172

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Notes to the Condensed Consolidated Interim Financial Statements

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(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

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Notes to the Condensed Consolidated Interim Financial Statements

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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.

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 was terminated effective April 1, 2021.

- (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 10, 2021, the Company received 1,916,667 Strategic shares at a fair value of \$517,501 (Note 7) which is reflected as a gain on property transactions in the consolidated statements of operations and comprehensive loss for the six months ended June 30, 2021.

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 September 30, 2021
	\$
Current assets	1,272,573
Non-current assets	13,169,695
Current liabilities	(7,560,274)
Non-current liabilities	-
Loss for the period	(121,221)
The Company's percent of ownership	49%

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

	September 30, 2021
	\$
Opening balance	3,851,826
Contribution from associate	(201,860)
Proportionate share of loss	(277,790)
Ending balance	3,372,176

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:

	September 30, 2021	December 31, 2020
	\$	\$
ROU assets, opening balance	63,478	98,102
Less, depreciation of ROU assets	(25,968)	(34,624)
ROU assets, ending balance	37,510	63,478

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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	-	(52,749)	(52,749)
At September 30, 2021	257,542	268,078	525,620
Depreciation:			
At December 31, 2020	215,709	140,571	356,280
Additions	31,275	45,264	76,539
Disposals	-	(17,823)	(17,823)
At September 30, 2021	246,984	168,012	414,996
Carrying value:			
At December 31, 2020	36,675	180,256	216,931
At September 30, 2021	10,558	100,066	110,624

	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:

	September 30, 2021 \$	December 31, 2020 \$
Lease liabilities, opening balance	72,552	106,885
Less, lease payments	(32,607)	(43,476)
Interest expense	4,161	9,143
Lease liabilities, ending balance	44,106	72,552
Less, current portion of lease liabilities	(34,332)	(34,332)
Non-current portion of lease liabilities	9,774	38,220

13. SHAREHOLDERS' EQUITY

Share Capital

Authorized

An unlimited number of common shares with no par value, and
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.

On June 30, 2021, the Company issued 175,000 common shares pursuant to the exercise of stock options for gross proceeds of \$45,500 (\$0.26 per share). The Company also recorded a fair value transfer between share-based payment reserve and share capital of \$45,559 in connection with the exercise.

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 September 30, 2021.

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13. SHAREHOLDERS' EQUITY (Continued)

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 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:

	September 30, 2021	
	Granted	Vested
Balance, December 31, 2020	1,327,098	316,964
Granted	731,085	-
Vested	-	88,174
Redeemed	(174,815)	(174,815)
Cancelled	(317,448)	-
Balance, September 30, 2021	1,565,920	230,323

	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.

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13. SHAREHOLDERS' EQUITY (Continued)

On June 30, 2021, the Company issued 84,158 DSUs to certain officers under its DSU plan at a market value of \$1.01 per DSU. These DSUs will vest one third on each of June 30, 2022, June 30, 2023, and June 30, 2024.

On September 30, 2021, the Company issued 116,438 DSUs to certain officers under its DSU plan at a market value of \$0.73 per DSU. These DSUs will vest one third on each of September 30, 2022, September 30, 2023, and September 30, 2024.

During the nine months ended September 30, 2021, the Company recognized a net gain of \$203,540 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 September 30, 2021, along with adjustments recorded for redemptions and cancellations, the total DSU liability was \$575,902 (December 31, 2020 - \$779,442).

The following is a summary of DSUs granted to officers, directors and employees for the nine months ended September 30, 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
30-Jun-21	84,158	\$ 1.01	1/3 on each of first, second and third anniversaries of grant
30-Sep-21	116,438	\$ 0.73	1/3 on each of first, second and third anniversaries of grant
	731,084		

* 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

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13. SHAREHOLDERS' EQUITY (Continued)

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 under the stock option plan is equivalent to 10% of the issued and outstanding common shares of the Company. The exercise price for the options is set by the Company at an amount equal to the Exchange trading price on the day preceding the date the options are granted, less any applicable discount as permitted by the Exchange policies as decided by the Company. The exercise period for the options is determined by the Company at the time the options are granted and shall not exceed ten years. Vesting terms for the options are also determined by the Company at the time of grant.

Changes in stock options outstanding are as follows:

	September 30, 2021	
	Number	Weighted-Average Exercise Price (\$)
Balance, December 31, 2020	7,745,000	1.17
Granted	2,015,000	0.95
Exercised	(1,975,000)	0.11
Balance, September 30, 2021	7,785,000	1.39

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

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13. SHAREHOLDERS' EQUITY (Continued)

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

Exercise Price (\$)	Total Outstanding Options			Total Exercisable Options		
	Number of Outstanding Options	Remaining Contractual Life	Weighted-Average Exercise Price (\$)	Number of Exercisable Options	Remaining Contractual Life	Weighted-Average Exercise Price (\$)
0.95	1,965,000	4.44	0.95	982,500	4.44	0.95
0.95	50,000	4.69	0.95	-	4.69	0.95
1.00	400,000	1.30	1.00	400,000	1.30	1.00
1.05	275,000	2.22	1.05	275,000	2.22	1.05
1.10	1,110,000	1.43	1.10	1,110,000	1.43	1.10
1.38	100,000	3.83	1.38	100,000	3.83	1.38
1.67	300,000	3.15	1.67	300,000	3.15	1.67
1.75	1,975,000	0.53	1.75	1,975,000	0.53	1.75
1.78	1,510,000	2.93	1.78	1,510,000	2.93	1.78
1.79	100,000	3.18	1.79	100,000	3.18	1.79
	7,785,000	2.42	1.39	6,752,500	2.10	1.45

Share-based payment reserve

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

During the nine months ended September 30, 2021, the Company recorded share-based payment expense of \$1,006,350 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.

On June 7, 2021, the Company granted 50,000 stock options to directors, officers, employees and consultants, exercisable at a price of \$0.95 per share until June 7, 2026. The fair value of the stock options granted was estimated at \$0.78 per option based on the Black-Scholes option pricing model, with the following assumptions: risk-free interest rate of 0.71%, volatility of 96.93%, 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 December 7, 2021 and 50% on June 7, 2022.

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13. SHAREHOLDERS' EQUITY (Continued)

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
Expired	(720,481)	1.30
Balance, September 30, 2021	632,615	0.85

	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

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13. SHAREHOLDERS' EQUITY (Continued)

The following table summarizes information about warrants outstanding:

Number of Outstanding Warrants	Exercise Price (\$)	Expiry Date
632,615	0.85	February 23, 2023

14. SUPPLEMENTAL CASH FLOW INFORMATION

	For the nine months ended September 30, 2021	For the year ended December 31, 2020
<i>Non-cash investing and financing activities</i>	\$	\$
Contribution from associate (Note 9)	201,860	4,332,608
Receipt of marketable securities as consideration for option payments (Note 7)	517,501	479,167
Exploration and evaluation costs remaining in trade payables and accrued liabilities	436,529	220,713
Fair value of warrants issued (Note 13)	276,243	-
	\$	\$
<i>Changes in non-cash operating working capital</i>	\$	\$
Change in receivables	(21,406)	537,993
Change in prepaid expenses	(95,342)	(14,259)
Change in trade payables and accrued liabilities	339,030	(168,483)
	222,282	355,251

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15. RELATED PARTY TRANSACTIONS

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

	Three months ended		Nine months ended	
	September 30,		September 30,	
	2021	2020	2021	2020
	\$	\$	\$	\$
Michael Basha, (former President)	4,204	82,340	76,860	374,625
Matti Talikka, CEO	124,062	-	427,367	-
Mark Serdan, CFO	40,118	59,354	202,438	238,394
Mark Santarossa, VP Corporate Development	10,213	84,037	108,614	231,643
Other Directors	69,309	107,846	252,085	255,433
	247,906	333,577	1,067,364	1,100,095
Amounts expensed as:				
Salary and other short-term benefits for the former President	-	50,000	100,000	150,000
Salary and other short-term benefits for the CEO	50,000	-	150,000	-
Salary and other short-term benefits for the CFO	37,500	37,500	112,500	112,500
Salary and other short-term benefits, VP Corp Dev	-	31,250	42,624	93,750
Consulting fees paid to the VP Corp Development	9,000	-	9,000	-
Directors' Fees	20,000	20,000	55,000	60,000
Share-based compensation	131,406	194,827	598,240	683,845
	247,906	333,577	1,067,364	1,100,095

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 nine months ended September 30, 2021, the Company recorded interest receivable of \$277, reflected as interest income in the consolidated statements of operations and comprehensive loss.

The following table summarizes information about loans receivable at September 30, 2021:

	\$
Loan to related party	38,720
Interest receivable	277
Balance, loan and interest receivable (Note 6)	38,997

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.

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16. SUBSEQUENT EVENTS

On October 18, 2021, the Company announced that B2Gold has provided notice to the Company to exercise its option to acquire an additional 19% interest in Fingold, pursuant to the Shareholders' Agreement entered into on August 14, 2019, taking its total interest in Fingold to 70%. B2Gold has also provided the Company with notice that it intends to solely fund all programs and budgets until completion of a Feasibility Study as is required per the terms of the Shareholders Agreement to acquire its remaining 5% ownership interest.

On October 26, 2021, the Company entered into an option agreement with B2Gold granting B2Gold the option to earn up to a 75% interest in the Company's wholly owned Kuortis Property in northern Finland. Under the terms of the option agreement, B2Gold may acquire up to a 75% undivided interest over five years by issuing 50,000 B2Gold common shares and incurring \$2,500,000 in expenditures. Under the First Option, B2Gold may earn the right to acquire a 51% undivided interest in the property by issuing 25,000 B2Gold common shares and incurring a minimum of \$750,000 in expenditures on or before the second anniversary date and, incurring additional expenditures of not less than \$1,750,000 on or before the fifth anniversary date. Under the Second Option, B2Gold may earn the right to acquire an additional 24% undivided interest in the property by completing the First Option and providing notice of same, and, by issuing an additional 25,000 B2Gold common shares and incurring expenditures of not less than \$2,500,000 on or before the fifth anniversary date.

On November 5, 2021, the Company entered into an Option Agreement with Kinross, granting Kinross the right to earn up to a 70% undivided interest in the Silaskaira property in northern Finland. Under the terms of the agreement, Kinross can earn a 70% undivided interest in the project by making a cash payment of CA\$100,000 and incurring expenditures of US\$5,000,000 on, or before, the fifth anniversary of the agreement. Kinross has agreed to incur a minimum of US\$1,000,000 in exploration expenditures within the first two years and will act as the operator. Should the Company's interest in the future joint venture be diluted to 10% or less, the Company's interest will be converted to a 2% Net Smelter Returns Royalty on the property. The Company also amended its agreement with Dragon Mining Ltd ("Dragon"), subject to exchange approval, whereby it has agreed to issue 130,000 common shares of the Company to Dragon to eliminate encumbrances on the Silaskaira property.

On November 11, 2021, the Company issued 271,845 DSUs to certain officers under its DSU plan at a market value of \$1.03 per DSU. These DSUs will vest one third on each of November 11, 2022, November 11, 2023, and November 11, 2024.

On November 25, 2021, the Company issued 130,000 common shares pursuant to the terms of an amending agreement entered into on October 28, 2021 with Dragon.

On November 25, 2021, the Company announced the completion of a marketed private placement and a non-brokered private placement for an aggregate of 18,548,167 common shares issued at a price of \$0.90 for gross proceeds of \$16,693,350.

Under the marketed private placement, a total of 16,666,667 common shares were issued at a price of \$0.90 for gross proceeds of \$15,000,000. The marketed private placement was led by Red Cloud Securites Inc. on behalf of a syndicate of agents (collectively, the "Agents"). In consideration for their

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16. SUBSEQUENT EVENTS (Continued)

services, the Agents received a cash commission of \$884,192 equal to 6% of the gross proceeds of the marketed private placement, 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 3%. Additionally, the Agents received 951,308 broker warrants (the "Broker Warrants") such a number equal to 6% 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 3%. The Broker Warrants are exercisable at a price of \$0.90 per common share for a period of two years from the closing of the marketed private placement.

Under the non-brokered financing, a total of 1,881,500 common shares were issued for gross proceeds of \$1,693,350. 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.