



## **AURELIUS MINERALS INC.**

### **CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS**

**FOR THE THREE MONTH PERIODS ENDED MARCH 31, 2021 AND 2020**

**(presented in Canadian dollars unless otherwise noted)**

**(Unaudited)**

#### **NOTICE TO READER OF NO AUDITOR REVIEW OF INTERIM FINANCIAL STATEMENTS**

Under National Instrument 51-102, Part 4, subsection 4.3(3)(a), if an auditor has not performed a review of the interim financial statements, they must be accompanied by a notice indicating that the financial statements have not been reviewed by an auditor.

The accompanying unaudited interim consolidated financial statements of Aurelius Minerals Inc. (the "Company") have been prepared by and are the responsibility of the Company's management.

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



## CONDENSED INTERIM CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

As at (expressed in Canadian dollars, Unaudited)	Note	March 31 2021 \$	December 31 2020 \$
<b>ASSETS</b>			
<b>Current</b>			
Cash and cash equivalents	4	1,374,865	3,330,376
Receivables	5	556,764	404,456
Prepaid expenses and deposits		151,790	130,518
		<b>2,083,419</b>	<b>3,865,350</b>
<b>Property, plant and equipment</b>	6	<b>1,367,342</b>	1,400,000
<b>Mineral properties</b>	7	<b>1,320,700</b>	1,320,700
<b>Reclamation deposit</b>	8	<b>1,500,000</b>	1,500,000
<b>Deposits</b>	8	<b>117,185</b>	117,185
<b>Total Assets</b>		<b>6,388,646</b>	<b>8,203,235</b>
<b>LIABILITIES AND SHAREHOLDERS' EQUITY</b>			
<b>Current liabilities</b>			
Accounts payable and accrued liabilities	10,14	1,349,286	995,818
Current portion of lease liability	11	42,546	73,061
Flow-through premium liability	15	-	494,116
		<b>1,391,832</b>	<b>1,562,995</b>
<b>Lease liability</b>	11	<b>193,623</b>	201,565
<b>Reclamation obligation</b>	13	<b>667,000</b>	667,000
<b>Obligation upon Aureus Gold acquisition</b>	3,9	<b>1,374,960</b>	1,393,674
<b>Total Liabilities</b>		<b>3,627,415</b>	<b>3,825,234</b>
<b>Shareholders' equity</b>			
Share capital	15	17,878,052	17,805,504
Warrants	15	86,250	154,500
Reserves	15	1,335,588	1,341,996
Deficit		<b>(16,538,659)</b>	<b>(14,923,999)</b>
<b>Total Shareholders' Equity</b>		<b>2,761,231</b>	<b>4,378,001</b>
<b>Total Liabilities and Shareholders' Equity</b>		<b>6,388,646</b>	<b>8,203,235</b>

Nature and continuance of operations (Note 1) and subsequent events (Note 20).

Approved and authorized on behalf of the Board of Directors:

\_\_\_\_\_  
"Randy Turner"  
Randy Turner, Chairman

\_\_\_\_\_  
"Michael Leskovec"  
Michael Leskovec, Director

The accompanying notes are an integral part of these condensed interim consolidated financial statements.



## CONDENSED INTERIM CONSOLIDATED STATEMENTS OF LOSS AND COMPREHENSIVE LOSS

(Expressed in Canadian dollars, Unaudited)	Note	Three Month Period Ended March 31 2021 \$	Three Month Period Ended March 31 2020 \$
<b>EXPENSES</b>			
Exploration	7	1,727,185	146,892
Salaries and management fees	14	213,942	131,315
Director fees		27,500	27,083
Investor relations		78,297	3,955
Regulatory and transfer agent fees		23,144	7,081
Legal, audit and accounting		3,507	-
Office and miscellaneous	14	12,690	11,054
Rent recovery	14	(17,438)	(16,286)
Travel		1,487	30,272
Depreciation	7	55,105	30,361
Interest expense on lease liability	11	5,024	3,812
		<b>(2,130,443)</b>	<b>(375,539)</b>
<b>OTHER INCOME (EXPENSES)</b>			
Interest income		1,288	2,334
Recognition of flow-through premium liability	15	494,116	-
Foreign currency gain (loss)	9	18,209	(107,937)
		<b>513,613</b>	<b>(105,603)</b>
<b>Loss and comprehensive loss for the period</b>		<b>(1,616,830)</b>	<b>(481,142)</b>
<b>Basic and diluted loss per common share</b>		<b>(0.01)</b>	nil
<b>Weighted average number of common shares outstanding</b>		<b>276,069,513</b>	135,378,496

The accompanying notes are an integral part of these condensed interim consolidated financial statements.



## CONDENSED INTERIM CONSOLIDATED STATEMENTS OF CASH FLOWS

	Three Month Period Ended March 31 2021	Three Month Period Ended March 31 2020
(expressed in Canadian dollars, Unaudited)	\$	\$
<b>Cash flows from operating activities</b>		
Loss for the period	(1,616,830)	(481,142)
Items not involving cash:		
Flow-through premium liability	(494,116)	-
Unrealized foreign exchange (gain) loss	(18,714)	134,200
Depreciation	55,105	30,361
Interest expense on lease liability	5,024	3,812
Changes in non-cash working capital items:		
Receivables	(152,308)	81,715
Accrued interest receivable	-	(1,311)
Prepaid expenses	(21,272)	(13,315)
Accounts payable and accrued liabilities	353,468	43,013
Net cash provided by (used in) operating activities	(1,889,643)	(202,667)
<b>Cash flows from financing activities</b>		
Issuance of capital stock for cash	-	1,143,800
Exercise of warrants for cash	60	-
Repayment of lease liability	(46,008)	(33,889)
Net cash provided by (used in) financing activities	(45,948)	1,109,911
<b>Cash flows from investing activities</b>		
Deferred acquisition costs	-	(242,513)
Property and equipment purchases	(19,920)	-
Cash assumed upon acquisition of Aureus Gold	-	1,005,842
Net cash provided by (used in) investing activities	(19,920)	763,329
<b>Change in cash during the period</b>	<b>(1,955,511)</b>	<b>1,670,573</b>
<b>Cash, beginning of the period</b>	<b>3,330,376</b>	<b>459,426</b>
<b>Cash, end of the period</b>	<b>1,374,865</b>	<b>2,129,999</b>

Supplemental disclosure with respect to cash flows (Note 16).

The accompanying notes are an integral part of these condensed interim consolidated financial statements.



## CONDENSED INTERIM CONSOLIDATED STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY

(expressed in Canadian dollars, Unaudited)	Shares #	Share Capital \$	Warrants \$	Reserves \$	Deficit \$	Total \$
<b>Balance, December 31, 2019</b>	<b>126,312,562</b>	<b>9,966,974</b>	<b>317,500</b>	<b>544,129</b>	<b>(10,439,273)</b>	<b>389,330</b>
Issued for private placements (Note 15b)	17,871,875	1,143,800	-	-	-	1,143,800
Share issuance costs (Note 15b)	7,128,125	456,200	-	-	-	456,200
Loss for the period	-	-	-	-	(481,142)	(481,142)
<b>Balance, March 31, 2020</b>	<b>151,312,562</b>	<b>11,566,974</b>	<b>317,500</b>	<b>544,129</b>	<b>(10,920,415)</b>	<b>1,508,188</b>
<b>Balance, December 31, 2020</b>	<b>276,068,713</b>	<b>17,805,504</b>	<b>154,500</b>	<b>1,341,996</b>	<b>(14,923,999)</b>	<b>4,378,001</b>
Issued upon warrant exercise (Note 15b)	1,000	75	(15)	-	-	60
Reserves transferred on expired options (Note 15d)	-	-	-	(2,170)	2,170	-
Reserves transferred on expired warrants (Note 15e)	-	72,473	(68,235)	(4,238)	-	-
Loss for the period	-	-	-	-	(1,616,830)	(1,616,830)
<b>Balance, March 31, 2021</b>	<b>276,069,713</b>	<b>17,878,052</b>	<b>86,250</b>	<b>1,335,588</b>	<b>(16,538,659)</b>	<b>2,761,231</b>

The accompanying notes are an integral part of these condensed interim consolidated financial statements.



**NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS**  
**For the three month periods ended March 31, 2021 and 2020**  
(expressed in Canadian dollars, unless otherwise noted)

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**1. NATURE AND CONTINUANCE OF OPERATIONS**

Aurelius Minerals Inc. was incorporated on April 5, 2007 under the Business Corporations Act, British Columbia. Aurelius Minerals Inc. and its subsidiary (“Aurelius” or the “Company”) are engaged in the exploration of its gold projects. On February 27, 2020, Aurelius completed the acquisition of its wholly owned subsidiary, Aureus Gold Inc. (previously 2672403 Ontario Inc.), which holds the Aureus Gold properties in Nova Scotia, Canada. Aurelius also holds the Mikwam and Lipton gold exploration properties within the northern Abitibi Gold Belt in Ontario, Canada. The Company’s registered and records office is 2500 – 700 West Georgia Street, Vancouver, BC, Canada, V7Y 1B3. The Company also has an office in Toronto at 1900 – 110 Yonge Street, Toronto, ON, Canada, M5C 1T4. The shares of the Company are traded on the TSX Venture Exchange (“TSX-V”) under the symbol AUL and the OTCQB in the United States (OTCQB: AURQF).

The Company is subject to risks and challenges similar to other companies in a comparable stage of exploration. These risks include, but are not limited to, continuing losses, dependence on key individuals and the ability to secure adequate financing to meet minimum capital required to successfully complete its commitments and continue as a going concern. In March 2020 the World Health Organization declared coronavirus 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 or recessionary conditions. While the Company has not been adversely affected to date, other than a delay in the commencement of its 2020 exploration programs at its Nova Scotia properties, it is not possible for the Company to predict the duration or magnitude of the adverse results of COVID-19 and its effects on Aurelius’ business or financial position at this time. Aurelius will continue to assess the impact of COVID-19 which remains a risk that could have material negative effects on access to capital market financing, the Company’s business and financial position.

The Company’s ability to meet its obligations and maintain its exploration activities is contingent upon successful completion of additional financing arrangements.

These condensed interim consolidated financial statements have been prepared by management in accordance with International Financial Reporting Standards (“IFRS”) applicable to a going concern, which assumes that the Company will be able to realize its assets and discharge its liabilities in the normal course of business for the foreseeable future. The Company has incurred ongoing losses. The continuing operations of the Company are dependent upon its ability to continue to raise adequate financing and to commence profitable operations in the future and repay its liabilities arising from normal business operations as they become due. These material uncertainties may cast significant doubt on the entity’s ability to continue as a going concern.

These condensed interim consolidated financial statements do not include any adjustments relating to the recoverability and classification of recorded asset amounts and classification of liabilities that might be necessary should the Company be unable to continue in existence. Such adjustments could be material.

**2. BASIS OF PRESENTATION**

**Statement of compliance**

These condensed interim consolidated financial statements, including comparatives, have been prepared in accordance with International Accounting Standards (“IAS”) 34, “Interim Financial Reporting”, as issued by the International Accounting Standards Board (“IASB”) and follow the same accounting policies and methods disclosed in Note 3 of the Company’s audited financial statements for the year ended December 31, 2020 unless otherwise indicated.



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These condensed interim consolidated financial statements do not include all disclosures required by IFRS for annual consolidated financial statements and accordingly should be read in conjunction with the audited financial statements for the year ended December 31, 2020.

The Company's Board of Directors approved these financial statements on May 27, 2021.

**Basis of presentation**

These condensed interim consolidated financial statements include the accounts of Aurelius Minerals Inc. and its wholly owned subsidiary, Aureus Gold Inc. from the date of acquisition (Note 3), and all intercompany transactions and balances are eliminated on consolidation.

These financial statements have been prepared on a historical cost basis except for certain financial instruments measured at fair value. All dollar amounts presented are in Canadian dollars unless otherwise specified.

**Use of estimates and judgements**

The preparation of financial statements in conformity with IFRS requires management to make certain estimates, judgments and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and the reported revenues and expenses during the period.

Although management uses historical experience and its best knowledge of the amount, events or actions to form the basis for judgments and estimates, actual results may differ from these estimates.

Critical judgments exercised in applying accounting policies that have the most significant effect on the amounts recognized in the financial statements are as follows:

***Economic recoverability and probability of future economic benefits of exploration and evaluation assets***

Management has determined that mineral costs incurred which were capitalized may have future economic benefits and may be economically recoverable. Management uses several criteria in its assessment of economic recoverability and probability of future economic benefits including geological and metallurgical information, history of conversion of mineral deposits to proven and probable mineral reserves, scoping and feasibility studies, accessible facilities, existing permits and life of mine plan at each reporting period date to determine whether any indication of impairment exists.

***Acquisition accounting***

The assessment of whether acquisitions are considered business combinations or asset acquisitions requires management judgement, the outcome of which may result in different accounting treatments. Judgement is also required to determine the fair value of the purchase price of the Acquisition (Note 3) based on the probability of making a future payment, in cash or shares, or returning the shares to Sprott Lending which is dependent on future exploration success. Judgement is also required to determine if the potential contingent payment should be classified as equity or a liability. Contingent consideration that is classified as equity is not remeasured at subsequent reporting dates and its subsequent settlement is accounted for within equity. Contingent consideration that is classified as a liability is re-measured at fair value at each reporting date and subsequent changes in fair value of the contingent consideration are expensed to the statement of loss and comprehensive loss.



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Information about assumptions and estimation uncertainties that have a significant risk of resulting in material adjustments are as follows:

***Decommissioning and rehabilitation provision***

Management's determination of the Company's decommissioning and rehabilitation provision is based on the reclamation and closure activities it anticipates as being required and its estimate of the probable costs and timing of such activities and measures. Accounting for reclamation obligations requires management to make estimates and judgements of the future costs the Company will incur to complete the reclamation work required to comply with existing laws and regulations at each mining operation and exploration and development property. Actual costs incurred may differ from those amounts estimated. Also, future changes to environmental laws and regulations could increase the extent of reclamation work required to be performed by the Company. Increases in future costs could materially impact the amounts charged to operations for reclamation. The provision represents management's best estimate of the present value of the future reclamation and remediation obligation. The actual future expenditures may differ from the amounts currently provided.

***Valuation of share-based payments***

The Company uses the Black-Scholes Option Pricing Model for valuation of share-based payments. Option pricing models require the input of subjective assumptions including expected price volatility, interest rate, and forfeiture rate. Changes in the input assumptions can materially affect the fair value estimate and the Company's earnings and equity reserves. The resulting value calculated is not necessarily the value that the holder of the option could receive in an arm's length transaction, given that there is no market for the options and they are not transferable.

***Income taxes***

In assessing the probability of realizing income tax assets, management makes estimates related to expectations of future taxable income, applicable tax opportunities, expected timing of reversals of existing temporary differences and the likelihood that tax positions taken will be sustained upon examination by applicable tax authorities. In making its assessments, management gives additional weight to positive and negative evidence that can be objectively verified.

***New standards not yet adopted***

Certain new accounting standards and interpretations have been issued that are not mandatory for reporting periods ending March 31, 2021 and have not been early adopted by the Company. These standards are not expected to have a material impact on the Company in the current or future reporting periods and on foreseeable future transactions.

**3. ACQUISITION**

On February 27, 2020, the Company announced that pursuant to a master transaction agreement (the "Transaction Agreement") entered into between Aurelius and Sprott Private Resource Lending (Collector) LP, by its General Partner, Sprott Resource Lending Corp. ("Sprott Lending" or "Sprott"), Aurelius had completed the acquisition (the "Acquisition") of Aureus Gold Inc. (previously 2672403 Ontario Inc.) ("Aureus Gold"), the owner of a 100% interest in the Aureus gold properties including the Aureus Gold Project (other than the Aureus West Project), the Tangier Gold Project and the Forest Hill Gold Project located in Nova Scotia (collectively named, the "Aureus Gold Properties") for total consideration of up to US\$8,200,000 in deferred payments (the "Deferred Payments"). The Deferred Payments are payable in cash or common shares of Aurelius ("Aurelius Shares") or a combination of cash and Aurelius Shares at the sole option of the Company. Prior to closing Sprott Lending deposited US\$750,000 related to the Aureus West property acquisition and payment of certain other expenses and satisfied the





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outstanding balance of the Reclamation Deposit of \$225,000 in July 2020. On May 7, 2020, Aurelius completed the acquisition of the Aureus West property.

Subject to the terms of the Transaction Agreement, Aurelius acquired Aureus Gold in consideration for the Deferred Payments, payable as follows: (a) US\$2,500,000 within 90 days after filing a National Instrument 43-101 – Standard of Disclosure for Mineral Projects (“NI 43-101”) technical report in respect of all or part of the Aureus Gold Properties that establishes a minimum of 500,000 contained equivalent ounces of gold in the Measured and Indicated Mineral Resource categories (the “Mineral Resources Estimate Report”); and (b) provided that the Deferred Payment in (a) above has become due and payable, US\$5,700,000 on the first anniversary of the filing of a NI 43-101 feasibility study on all or part of the Aureus Gold Properties (the “Feasibility Study”). Aurelius has granted Sprott Lending a first ranking security interest on all assets related to the Aureus Gold Properties until the balance of the Deferred Payments has been satisfied, which was extended to the Aureus West property upon its acquisition.

Aurelius has the right, for a period of three years from the closing of the Acquisition, to extinguish the Deferred Payments for consideration of US\$4,000,000 payable in cash or in Aurelius Shares to Sprott Lending, less any prior payments made in cash or Aurelius Shares. Should the Company elect to pay the Deferred Payments in Aurelius Shares in an amount that would result in Sprott holding 20% or more of the issued and outstanding Aurelius Shares, such issuance will be subject to further review of the TSX Venture Exchange and acceptance and will require disinterested shareholder approval.

In the event that the Mineral Resources Estimate Report and/or the Feasibility Study has not been filed by the fifth anniversary of the closing of the Acquisition or Aurelius has otherwise determined in good faith not to proceed with preparing the Mineral Resources Estimate Report and/or Feasibility Study, and provided that a Change of Control has not occurred and is not contemplated, subject to certain conditions, Aurelius will be permitted to transfer the shares of Aureus Gold back to Sprott Lending for no additional consideration and the parties would then have no further obligations under the Transaction Agreement with respect to the Aureus Gold Properties.

The Company has the right to pay the future purchase obligation in cash or shares and accordingly, under *IFRS 2 – Share-Based Payment*, management is required to assess the probability of the likelihood of the issuance of shares. Under *IAS 32 – Financial Instruments: Presentation*, management assessed that the future purchase obligation is a contingent settlement which results in a variable number of issuable common shares of the Company, dependent upon the share price at settlement and is classified as a liability. In addition, the liability contains a derivative feature under *IFRS 9 – Financial Instruments* as the fair value changes with changes in foreign exchange rates. Based on the probabilities assigned to whether management exercises the Deferred Payments, the early payment option of US\$4,000,000 or the right to transfer the Aureus Gold shares back to Sprott Lending, the value of the contingent consideration to acquire Aureus Gold was estimated at US\$2,000,000. The United States dollar denominated contingent obligation will be re-measured at each reporting date and changes in fair value due to changes in foreign exchange rates will be expensed to the statement of loss and comprehensive loss (Note 9).

The purchase price was \$3,032,834 comprised of the contingent obligation with a fair value of \$2,678,600 and transaction costs of \$354,234.

The transaction is accounted for as an asset acquisition and the allocation of the purchase price to the assets acquired and liabilities assumed is based on estimated fair values at the time of acquisition.



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**4. CASH AND CASH EQUIVALENTS**

	<b>March 31</b>	December 31
	<b>2021</b>	2020
	<b>\$</b>	<b>\$</b>
Cash	<b>1,374,865</b>	2,780,376
GIC (fully redeemable)	-	550,000
	<b>1,374,865</b>	3,330,376

**5. RECEIVABLES**

	<b>March 31</b>	December 31
	<b>2021</b>	2020
	<b>\$</b>	<b>\$</b>
Input sales tax recoverable	<b>556,764</b>	397,536
Interest receivable	-	6,920
	<b>556,764</b>	404,456

**6. PROPERTY, PLANT AND EQUIPMENT**

	Mill equipment \$	Mobile and infrastructure equipment \$	Office furniture and equipment \$	Exploration equipment \$	Right of use assets \$	Total \$
<b>Cost</b>						
Balance – December 31, 2019	-	-	13,611	-	244,117	257,728
Acquisition	952,358	119,273	-	-	-	1,071,631
Additions	-	12,866	-	54,219	246,738	313,823
<b>Balance – December 31, 2020</b>	<b>952,358</b>	<b>132,139</b>	<b>13,611</b>	<b>54,219</b>	<b>490,855</b>	<b>1,643,182</b>
Additions	-	-	-	19,920	2,527	22,447
<b>Balance – March 31, 2021</b>	<b>952,358</b>	<b>132,139</b>	<b>13,611</b>	<b>74,139</b>	<b>493,382</b>	<b>1,665,629</b>
<b>Accumulated depreciation</b>						
Balance – December 31, 2019	-	-	4,064	-	84,502	88,566
Depreciation	-	15,968	3,030	790	134,828	154,616
<b>Balance – December 31, 2020</b>	<b>-</b>	<b>15,968</b>	<b>7,094</b>	<b>790</b>	<b>219,330</b>	<b>243,182</b>
Depreciation	-	5,219	592	2,371	46,923	55,105
<b>Balance – March 31, 2021</b>	<b>-</b>	<b>21,187</b>	<b>7,686</b>	<b>3,161</b>	<b>266,253</b>	<b>298,287</b>
<b>Net book value</b>						
At December 31, 2020	952,358	116,171	6,517	53,429	271,525	1,400,000
<b>At March 31, 2021</b>	<b>952,358</b>	<b>110,952</b>	<b>5,925</b>	<b>70,978</b>	<b>227,129</b>	<b>1,367,342</b>

As at March 31, 2021, the mill is not considered available for use and accordingly is not being depreciated.

**7. MINERAL PROPERTIES**

Title to mineral properties involves certain inherent risks due to the difficulties of determining the validity of certain claims as well as the potential for problems arising from the frequently ambiguous conveyancing history



## NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

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characteristic of many mineral properties. The Company has investigated title to all of its mineral properties and to the best of its knowledge, title to all of its properties, are properly registered and in good standing.

The Company capitalizes mineral property acquisition costs only, which include the cash consideration, earn-in or option agreement payments and the fair value of common shares issued for mineral properties. The Company holds interests in two mineral properties located in Ontario, Canada, and the Aureus Gold Properties, including the Aureus East and West, Tangier and Forest Hill properties, in Nova Scotia, Canada. The capitalized acquisition costs are as follows:

	Mikwam \$	Lipton \$	Aureus West \$	Total \$
<b>Balance – December 31, 2019</b>	257,500	248,685	-	506,185
Additions	-	30,000	784,515	814,515
<b>Balance – December 31, 2020 and March 31, 2021</b>	<b>257,500</b>	<b>278,685</b>	<b>784,515</b>	<b>1,320,700</b>

### Mikwam

The Company acquired a 100% interest in Mikwam (subject to certain royalty interests and encumbrances) for aggregate cash payments of \$25,000 and 4,000,000 shares with aggregate fair value of \$232,500 to ALX Uranium Corp. (“ALX”) over a period of two years. In addition, the Company will pay ALX a 0.5% net smelter returns royalty (“NSR”). The Company has the right, at any time, to acquire the NSR from ALX in consideration of a cash payment of \$1,000,000.

### Lipton

The Company entered into an option agreement to acquire a 100% interest in a portion of the Lipton Property, subject to a 2% NSR. The Company must pay \$1,000,000 over a ten-year period and issue 500,000 common shares (500,000 issued with an aggregate value of \$72,500). The Company has paid \$100,000 (initial payment of \$10,000 was made August 22, 2016) and the remaining \$900,000 is payable in annual cash payments between June 2021 and June 2026. The Company has the option to buy-back one-half of the NSR for \$2,500,000. The Company incurred costs related to staking additional claims, not subject to an NSR, in the amount of \$106,185.

In June 2020, the Company entered into a land access agreement with De Beers Canada Inc. (“De Beers”) which permits De Beers the exclusive right to conduct activities to explore for diamonds on certain of the Lipton claims for one year upon receipt of an initial \$20,000 payment to Aurelius, which was received on July 9, 2020. The land access agreement is renewable annually upon receipt of payment of \$30,000 from De Beers.

### Aureus East

The Company acquired the Aureus East property from Sprott Lending on February 27, 2020 (Note 3). The Company also holds an Environmental Approval and Industrial Approval for the Property, both of which remain in place and valid. The Department of Energy and Mines, Nova Scotia holds a 1% NSR on all gold sales. The property is also subject to a 1% NSR held by Metalla Royalty & Streaming Ltd.

### Aureus West

The Company acquired the Aureus West property from Nycon Resources, Inc. on May 5, 2020 for cash consideration of US\$500,000 and 2,000,000 common shares of the Company with a fair value of \$50,000 and incurred transaction costs of \$32,915. The Department of Energy and Mines, Nova Scotia holds a 1% NSR on all gold sales. The property is also subject to a 2% NSR held by Nycon Resources, Inc. The Company has the option to buy-back one-half of the NSR for US\$750,000 and, following exercise of the first buy-back right, has the option to buy-back the second half



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of the NSR for US\$1,000,000.

**Tangier**

The Company acquired the Tangier property from Sprott Lending on February 27, 2020 (Note 3). The Department of Energy and Mines, Nova Scotia holds a 1% NSR on all gold sales. Aurelius holds surface rights to the property subject to an annual payment of \$12,000 and a 1% net profits royalty from minerals produced up to a maximum of \$1 million.

**Forest Hill**

The Company acquired a 100% interest in mineral rights to the Forest Hill property on February 27, 2020 (Note 3). The Nova Scotia Department of Energy and Mines owns a 1% NSR on all gold sales. A previous Optionor holds a sliding scale royalty on portions of the property. All other marketable commodities within an area of interest are subject to a 1.75% NSR.

The Company incurred exploration expenditures as follows:

	<b>Mikwam</b>	<b>Lipton</b>	<b>Aureus</b>	<b>Aureus</b>	<b>Tangier</b>	<b>Forest</b>	<b>Total</b>
	<b>\$</b>	<b>\$</b>	<b>East</b>	<b>West</b>	<b>\$</b>	<b>Hill</b>	<b>\$</b>
			<b>\$</b>	<b>\$</b>		<b>\$</b>	
Site admin/maintenance	-	-	43,652	16,148	-	-	59,800
Geology	87,092	-	-	-	-	-	87,092
<b>Three months ended</b>							
<b>March 31, 2020</b>	<b>87,092</b>	<b>-</b>	<b>43,652</b>	<b>16,148</b>	<b>-</b>	<b>-</b>	<b>146,892</b>
Land management	3,188	3,188	1,004	-	8,554	-	15,934
Site admin/maintenance	3,682	-	405,873	29,638	15,419	5,925	460,537
Geology	-	-	187,425	48,960	52,226	36,512	325,123
Sampling and analysis	-	-	83,976	89,283	-	-	173,259
Drilling	-	-	752,332	-	-	-	752,332
Recoveries	-	-	-	-	-	-	-
<b>Three months ended</b>							
<b>March 31, 2021</b>	<b>6,870</b>	<b>3,188</b>	<b>1,430,610</b>	<b>167,881</b>	<b>76,199</b>	<b>42,437</b>	<b>1,727,185</b>

**8. DEPOSITS**

**Reclamation Deposit**

The Company assumed reclamation security payments to the Department of Energy and Mines of Nova Scotia related to the Aureus Gold property acquisition (Note 3). The reclamation security deposit totals \$1,500,000 as at March 31, 2021.

**Deposits**

The Company assumed deposits of \$117,185 with Nova Scotia Power (Note 3).



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**9. OBLIGATION UPON ACQUISITION OF AUREUS GOLD**

	\$
Opening – January 1, 2020	-
Additions (Note 4)	2,678,600
Settlement upon Sprott’s participation right	(1,183,426)
Effect of foreign currency changes	(101,500)
<b>Balance – December 31, 2020</b>	<b>1,393,674</b>
Effect of foreign currency changes	(18,714)
<b>Balance – March 31, 2021</b>	<b>1,374,960</b>

On November 30, 2020, in connection with a private placement, the Company issued 10,916,404 common shares to Sprott Lending at a price of \$0.085 per common share, in connection with the exercise of its participation right to maintain its percentage shareholding of Aurelius under the Transaction Agreement (Note 3). \$930,963 (US\$715,685), being the value of the participation right exercise, was credited towards the First Deferred Payment and reduced the acquisition obligation.

On October 1, 2020, the Company issued of 3,125,000 common shares to Sprott Lending at a price of \$0.08 per common share in consideration of a reduction of the First Deferred Payment under the Transaction Agreement (Note 3). \$252,463 (US\$189,950), being the value of the participation right exercise, was credited towards the First Deferred Payment and reduced the acquisition obligation. The difference between the issue price of the common shares and the fair value of the shares, being the closing price per share on that date of issue, resulted in a \$31,250 loss on acquisition obligation settlement.

**10. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES**

	March 31 2021 \$	December 31 2020 \$
Trade payables	979,256	631,045
Accrued liabilities	370,030	364,773
	<b>1,349,286</b>	<b>995,818</b>

**11. LEASE LIABILITY**

	March 31 2021 \$	December 31 2020 \$
<b>Current portion of lease liability</b>	<b>73,061</b>	119,467
Additions	2,527	29,768
Transfer from long-term lease liability	7,942	57,943
Lease payments during the period	(46,008)	(150,795)
Interest expense on lease liability	5,024	16,678
	<b>42,546</b>	73,061
<b>Non-current lease liability</b>	<b>201,565</b>	42,540
Additions	-	216,968
Transfer to current lease liability	(7,942)	(57,943)
	<b>193,623</b>	<b>201,565</b>



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As at March 31, 2021, the Company is required to pay \$56,159 (December 31, 2020 – \$87,964) in undiscounted lease payments within the next twelve months and \$92,748 (December 31, 2020 – \$103,881) over the remaining term of the leases for a total of \$148,907 (December 31, 2020 – \$191,845).

During the three month period ended March 31, 2021, the Company recorded a rent recovery of \$17,438 (2020 – \$16,286) for receipts related to the sub lease arrangement not included in lease liabilities, in the statement of loss and comprehensive loss.

**12. CONVERTIBLE NOTE PAYABLE**

On December 19, 2019, the Company issued a non-interest bearing unsecured convertible promissory note of the Company to Sprott in the principal amount of \$456,200. The Note was convertible at the option of Sprott into common shares of the Company at \$0.05 per share (subsequently amended to \$0.064 per share). The note was due February 28, 2020 if the acquisition (Note 3) did not close by then and accordingly, due to the short-term nature of the note, the principal amount of the note approximated its fair value and the equity conversion feature was considered insignificant.

On February 27, 2020, pursuant to the terms of the Note, Aurelius converted the outstanding \$456,200 under the convertible note into 7,128,125 common shares of the Company at a conversion price of \$0.064 per common share, concurrent with the closing of the acquisition (Note 3).

**13. RECLAMATION OBLIGATION**

The Company's estimates of future decommissioning and restoration for reclamation and closure costs for its Aureus East property are based on reclamation standards that meet Canadian regulatory requirements. Elements of uncertainty in estimating these amounts include potential changes in regulatory requirements, reclamation plans and cost estimates, discount rates and timing of expected expenditures.

The undiscounted amount of estimated cash flows required to settle the decommissioning and reclamation costs is estimated at \$667,000. The Company has considered the first milestone of three years to settle the early payment option pursuant to the Acquisition of Aureus East property and accordingly accretion is nominal due to the low and offsetting inflation and risk-free interest rates. The Company has recorded the undiscounted amount of estimated reclamation costs and will re-evaluate the estimated timing and value of outflows annually.

**14. RELATED PARTY TRANSACTIONS**

*Key Management Personnel*

Key management personnel include those persons having authority and responsibility for planning, directing, and controlling the activities of the Company as a whole. The Company has determined that key management personnel consists of executive and non-executive members of the Company's Board of Directors and corporate officers. The remuneration of directors and key executives is determined by the Board of Directors having regard to the performance of individuals and market trends.



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Compensation paid or payable to key management personnel for services rendered are as follows:

	Three month period ended March 31, 2021	Three month period ended March 31, 2020
	\$	\$
Salaries, management consulting and director fees <sup>(1)</sup>	262,750	192,333
Short-term employment benefits	1,500	1,500
	<b>264,250</b>	<b>193,833</b>

<sup>(1)</sup> A portion of salaries for key management has been recorded in exploration expenses.

The Company has related parties which consist of companies with directors and officers in common. Effective February 1, 2019, the Company entered into an agreement, to sublease a portion of its Toronto office space, with Maritime Resources Corp. ("Maritime"), a corporation with common directors and officers. Maritime was also invoiced for reimbursement of direct third-party purchases of certain office administration services.

	Three month period ended March 31, 2021	Three month period ended March 31, 2020
	\$	\$
Rent recovery	17,438	16,286
Office and other expense recovery	1,431	1,146
	<b>18,869</b>	<b>17,432</b>

Included in accounts payable and accrued liabilities at March 31, 2021 is \$234,347 (December 31, 2020 – \$213,368) due to officers and directors, including the CEO and VP Exploration for expenses and fees of \$42,264, and \$192,083 for directors' fees.

### 15. SHARE CAPITAL AND RESERVES

#### a) Authorized share capital

The authorized share capital of the Company is an unlimited number of common shares without par value. All issued shares are fully paid.

During the three month period ended March 31, 2021, the Company issued:

- 1,000 common shares upon the exercise of warrants.

#### b) Issued share capital

During the year ended December 31, 2020, the Company issued:

- 6,975,200 common shares upon the exercise of warrants. Cash proceeds of \$486,512 were received and the fair value of the exercised warrants of \$85,241 was transferred from warrants and reserves to share capital.
- 17,647,000 flow-through common shares at a of \$0.085 per flow-through common share for aggregate gross proceeds of \$1,499,995. Cash transaction costs related to the offering were \$35,215 for regulatory and legal fees.

The subscription agreement for the flow-through common shares requires Aurelius to incur \$1,499,995 of qualifying Canadian Exploration Expenses ("CEE") and renounce the CEE to the flow-through shares shareholders with an



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effective date of December 31, 2020. At the time of issuance, the excess price per unit of the flow-through common shares over the fair value price per common share resulted in a \$0.03 per share premium, and the Company recorded a flow-through premium liability of \$529,410 and reduced share capital by the same amount. Pursuant to incurring eligible flow-through expenditures, the flow-through premium liability was reduced to \$nil and \$494,166 was recognized into income during the three month period ended March 31, 2021.

- 14,041,404 common shares at a fair value of \$1,209,144 to Sprott Lending upon private placements, in connection with the exercise of Sprott's participation right to maintain its percentage shareholding of Aurelius under the Transaction Agreement and was credited towards the First Deferred Payment and reduced the Obligation upon acquisition of Aureus Gold on the consolidated statements of financial position (Note 9).
- 45,130,000 common share units at a price of \$0.05 per common share unit and 38,962,547 flow-through units at a price of \$0.055 per flow-through unit for aggregate gross proceeds of \$4,399,440, on July 15, 2020. Each common share unit consists of one common share of the Company and one-half of one common share purchase warrant, with each whole common share unit warrant entitling the holder thereof to acquire one common share at a price of \$0.07 per common share for a period of twenty-four (24) months following the closing of the non-brokered private placement. Each flow-through unit consists of one flow-through share of the Company and one-half of one common share purchase warrant, with each whole flow-through unit warrant entitling the holder thereof to acquire one common share at a price of \$0.08 per common share until the warrant expiry on July 15, 2022.

Dundee Goodman Merchant Partners, a division of Goodman & Company, Investment Counsel Inc. ("Dundee"), Sprott Capital Partners LP and Laurentian Bank Securities Inc. (together, the "Finders") entered into finders' fee agreements with the Company in respect of the non-brokered private placement. The Company paid the Finders and certain other firms an aggregate of \$291,213, being a commission of 7% of the gross proceeds in connection with certain subscriptions under the private placement, and issued an aggregate of 5,568,220 compensation warrants, equal to 7% of the common share units and flow-through units issued in connection with those subscriptions with a fair value of \$441,839. Each compensation warrant entitles the holder to acquire one common share unit at a price of \$0.07 until the warrant expiry date. Total other transaction costs were \$84,985.

The subscription agreement for the flow-through shares required Aurelius to incur \$2,142,940 of qualifying CEE and renounce the CEE to the flow-through shares shareholders with an effective date of December 31, 2020. At the time of issuance, the excess price per unit of the flow-through shares over the fair value price per share of the non flow-through shares resulted in a \$0.005 per share premium, and the Company recorded a flow-through premium liability of \$194,813 and reduced share capital by the same amount. Pursuant to incurring eligible flow-through expenditures during the year ended December 31, 2020, the flow-through premium liability was reduced \$nil.

- 2,000,000 common shares of the Company to Nycon Resources, Inc., with a fair value of \$50,000, upon acquisition of the Aureus West Project in Nova Scotia on May 5, 2020 (Note 7).
- 25,000,000 common shares on February 27, 2020 at a price of \$0.064 per common share pursuant to the closing of the acquisition of Aureus Gold Inc. (Note 3). 7,128,125 common shares were issued to settle the \$456,200 non-interest bearing convertible promissory note advanced to Aurelius by Sprott on an unsecured basis on December 19, 2019 and Sprott Lending subscribed for 17,871,875 common shares on a private placement basis at a price of \$0.064 per common share for gross proceeds of \$1,143,800 (Note 12).

c) Stock options

The Company, in accordance with its shareholder approved stock option plan, is authorized to grant options to directors, officers, employees and/or consultants, to acquire up to 10% of the issued and outstanding common





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shares. The exercise price of each option equals the market price of the Company's stock as calculated on the date of grant. Options can be granted for a maximum term of ten years and vest immediately upon grant.

As at March 31, 2021, the Company had outstanding stock options, enabling the holders to acquire further common shares as follows:

Number of Shares	Exercise Price	Expiry Date
1,155,000	\$ 0.065	June 24, 2021
2,600,000	\$ 0.120	July 5, 2022
715,200	\$ 0.080	March 5, 2023
4,000,000	\$ 0.060	January 23, 2024
5,690,400	\$ 0.060	May 8, 2025
825,000	\$ 0.100	September 9, 2025
500,000	\$ 0.100	September 23, 2025
<b>15,485,600</b>		

A summary of the Company's stock options follows:

	Three months ended March 31, 2021		Year ended December 31, 2020	
	Options Outstanding #	Weighted Average Exercise Price \$	Options Outstanding #	Weighted Average Exercise Price \$
<b>Balance, beginning of period</b>	<b>15,510,600</b>	<b>0.07</b>	8,691,800	0.08
Granted	-	-	7,040,400	0.07
Expired/cancelled	<b>(25,000)</b>	<b>0.10</b>	(221,600)	0.09
<b>Balance, end of period</b>	<b>15,485,600</b>	<b>0.07</b>	15,510,600	0.07
<b>Options exercisable, end of period</b>	<b>15,485,600</b>	<b>0.07</b>	15,510,600	0.07

d) Options – Share-based compensation

During the three month period ended March 31, 2021, 25,000 stock options were cancelled or expired resulting in the reversal of \$2,526 from reserves to deficit. During the year ended December 31, 2020, 221,600 stock options were cancelled or expired resulting in a reversal of \$10,941 from reserves to deficit. The weighted-average assumptions used for the Black-Scholes valuation of stock options granted during the year ended December 31, 2020 were risk-free interest rate of 0.38%; expected life of options of 5 years; dividend rate of 0%; and annualized volatility of 156.84%.



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e) Warrants

As at March 31, 2021, the Company had outstanding share purchase warrants, enabling the holders to acquire further shares as follows:

Number of Warrants	Exercise Price	Expiry Date
750,000	\$ 0.06	April 1, 2021
3,000,000	\$ 0.06	October 30, 2021
28,133,220	\$ 0.07	July 15, 2022
19,481,274	\$ 0.08	July 15, 2022
37,280,478	\$ 0.16	December 21, 2022
2,982,438 <sup>(1)</sup>	\$ 0.08	December 21, 2022
<b>91,627,410</b>		

<sup>(1)</sup> Each agent warrant is exercisable to acquire one unit at a price of \$0.08 per unit for a period of five years, for a common share and a common share warrant.

Share purchase warrant transactions were as follows:

	Three month period ended March 31, 2021		Year ended December 31, 2020	
	Warrants Outstanding #	Weighted Average Exercise Price \$	Warrants Outstanding #	Weighted Average Exercise Price \$
<b>Balance, beginning of period</b>	<b>96,366,410</b>	<b>0.11</b>	71,397,116	0.12
Granted	-	-	47,614,494	0.07
Exercised	(1,000)	0.06	(6,975,200)	0.07
Expired	(4,738,000)	0.06	(15,670,000)	0.09
<b>Balance, end of period</b>	<b>91,627,410</b>	<b>0.11</b>	96,366,410	0.11

Subsequent to March 31, 2021, 750,000 warrants expired unexercised.

**16. SUPPLEMENTAL DISCLOSURE WITH RESPECT TO CASH FLOWS**

There were no significant non-cash transactions during the three month period ended March 31, 2021.

Significant non-cash transactions during the three month period ended March 31, 2020, include:

- Issuing 7,128,125 common shares at a conversion price of \$0.064 per common share to settle its \$452,200 convertible Note on February 27, 2020.
- Recognition of an additional right of use asset of \$84,732 and corresponding lease liabilities during the period.
- Deferred acquisition costs of \$79,863 included in accounts payable and accrued liabilities.
- Recognizing a future contingent liability upon the acquisition of Aureus Gold of \$2,678,600, in cash or shares, and recording an increase in the liability and corresponding foreign currency loss of \$134,200 upon conversion at March 31, 2020 foreign exchange rates.
- Allocating \$1,031,359 to property, plant and equipment upon acquisition of Aureus Gold.

**17. SEGMENTED INFORMATION**

The Company operates in one reportable operating segment, being the acquisition, exploration, and evaluation of



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mineral properties in Canada.

**18. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT**

Financial instruments measured at fair value are classified into one of three levels in the fair value hierarchy according to the relative reliability of the inputs used to estimate the fair values. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value hierarchy establishes three levels to classify the inputs to valuation techniques used to measure fair value. Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities. Level 2 inputs are quoted prices in markets that are not active, quoted prices for similar assets or liabilities in active markets, inputs other than quoted prices that are observable for the asset or liability (for example, interest rate and yield curves observable at commonly quoted intervals, forward pricing curves used to value currency and commodity contracts and volatility measurements used to value option contracts), or inputs that are derived principally from or corroborated by observable market data or other means. Level 3 inputs are unobservable (supported by little or no market activity). The fair value hierarchy gives the highest priority to Level 1 inputs and the lowest priority to Level 3 inputs.

The Company's financial instruments consist of cash and cash equivalents, receivables, deposits, accounts payable and accrued liabilities, lease liability and acquisition obligation. Cash and cash equivalents is measured at fair value based on Level 1 of the fair value hierarchy. The fair values of receivables, deposits, accounts payable and accrued liabilities approximate their book carrying values because of the short-term nature of these instruments. The carrying value of the lease liability approximates its fair value as it bears interest that approximates market rates. The contingent obligation is measured based on Level 3 inputs and changes in its fair value are recorded in the statement of loss and comprehensive loss.

The Company is exposed to a variety of financial risks by virtue of its activities, including credit risk, interest rate risk and liquidity risk. The overall risk management program focuses on the unpredictability of financial markets and seeks to minimize potential adverse effects on financial performance. Risk management is carried out by management under the direction and guidance of the Board of Directors. Management is responsible for establishing controls and procedures to ensure that financial risks are mitigated to acceptable levels.

*Credit risk* - Credit risk is the risk of a financial loss to the Company if a counter-party to a financial instrument fails to meet its contractual obligation. The Company's receivables consist primarily of tax receivables due from federal and provincial government agencies. The Company has no customers or trade receivables at March 31, 2021. The Company does not have a significant concentration of credit risk with any single counter-party. The Company's cash and cash equivalents is invested in short-term interest bearing accounts at major Canadian chartered banks. Because of these circumstances, the Company does not believe it has a material exposure to credit risk.

*Interest rate risk* - Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. Financial assets and liabilities with variable interest rates expose the Company to cash flow interest rate risk. The Company is not exposed to significant interest rate risk.

*Liquidity risk* - Liquidity risk is the risk that the Company will not be able to meet its obligations as they become due. The Company's ability to continue as a going concern is dependent on management's ability to raise required funding through future equity issuances, asset sales or a combination thereof. The Company is exposed to liquidity risk.

The Company manages its liquidity risk by forecasting cash flows from operations and anticipating any investing and financing activities. As at March 31, 2021, the Company had cash and cash equivalents totalling \$1,374,865 (December 31, 2020 – \$3,330,376) to settle current liabilities of \$1,391,832 (December 31, 2020 – \$1,562,995).



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Management and the Board of Directors are actively involved in the review, planning and approval of significant expenditures and commitments.

As at March 31, 2021, the Company's accounts payable and accrued liabilities have contractual maturities of less than 60 days and are subject to normal trade terms.

*Price risk* - The Company is exposed to price risk with respect to commodity and equity prices. Equity price risk is defined as the potential adverse impact on the Company's earnings due to movements in individual equity prices or general movements in the level of the stock market. Commodity price risk is defined as the potential adverse impact on earnings and economic value due to commodity price movements and volatilities. The Company closely monitors commodity prices, individual equity movements, and the stock market to determine the appropriate course of action to be taken by the Company.

### 19. CAPITAL MANAGEMENT

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 Company defines capital that it manages as equity, consisting of common shares, stock options and warrants.

The Company is dependent upon external financings to fund activities. In order to carry out any exploration and pay for administrative costs, the Company will spend its existing working capital and raise additional funds as needed. The Company will continue to assess new properties and seek to acquire an interest in additional properties if it believes there is sufficient geologic or economic potential and if it has adequate financial resources to do so. There were no changes in the Company's capital management strategy during the three month period ended March 31, 2021 compared to the previous year. The Company is not subject to externally imposed capital requirements.

### 20. SUBSEQUENT EVENTS

- a) On May 4, 2021, the Company completed a consolidation of the outstanding capital of the Company on the basis of 10 existing common shares for one new consolidated common share. Immediately prior to the consolidation, the Company had 276,069,713 common shares issued and outstanding and immediately after the consolidation, the Company had 27,606,961 post-consolidated common shares issued and outstanding.
- b) Subsequent to March 31, 2021, the Company closed of a non-brokered private placement offering for gross proceeds of \$6,040,987. The Company issued an aggregate of 9,393,503 common shares on a post consolidation basis, comprised of 3,995,041 post-consolidation common shares of the Company at a price of \$0.60 per common share on a post-consolidation basis and 5,398,462 post-consolidation flow-through common shares at a price of \$0.675 per flow-through common share on a post-consolidation basis. Pursuant to the private placement, the Company paid cash finders' fees of \$237,465 and issued an aggregate of 371,393 compensation warrants in connection with certain subscriptions.