



Aurania's current and future operations, including development activities on its properties or areas in which it has an interest, are subject to laws and regulations governing exploration, development, tenure, production, taxes, labour standards, occupational health, waste disposal, protection and remediation of the environment, mine safety, management of toxic substances and other matters. Compliance with applicable laws and regulations requires thorough planning and diligence in the conduct of Aurania's activities. Aurania's formal environmental policy aims to foment the improvement of environmental awareness while making use of natural resources and products in the most technologically advanced manner and by implementing initiatives to protect indigenous flora and fauna within the area of influence of the Project, complying with laws and regulations in Ecuador and while adopting best practices from other jurisdictions.

The presence of an endangered species could require Aurania to take extraordinary measures to protect the species or to cease its activities temporarily or permanently, all of which would delay advancement of its projects and would have an adverse, potentially material, economic impact on the Company. Ecuador has a diverse and delicate ecosystem and significant numbers of species are at risk of extinction. The Governments, regional governments and NGOs are vigilant in their protection of endangered species and the existence or discovery of an endangered species at Aurania's Project could also attract NGOs and local community opposition to our project, which would be a further barrier to advancing our activities and could impact Aurania's overall reputation.

On March 10, 2020, Aurania received ISO14001 accreditation for the environmental aspects of its exploration. Revegetation of drill platforms at the Yawi target was completed and was signed-off by the Ministry of the Environment in May, 2020.

The current or future operations of Aurania, including exploration activities on its properties, require permits from various federal, state or territorial and local governmental authorities, and such operations are, and will be, governed by laws and regulations regarding exploration, development, mining, production, exports, taxes, labour standards, occupational health, waste disposal, management of toxic substances, land use, environmental protection, mine safety and other matters. Such operations and exploration activities are also subject to substantial regulation under applicable laws by governmental agencies that may require Aurania to obtain permits from various governmental agencies. There can be no assurance, however, that all



permits that Aurania may require for its operations and exploration activities will be obtainable on reasonable terms or on a timely basis or that such laws and regulations will not have an adverse effect on any mineral exploration project which Aurania might undertake. Application for the water-use permits required for scout drilling, was made for 39 off-take points near high-priority targets that are being prepared for scout drilling.

Ahead of advancing its field work in the Lost Cities – Cutucú Project, Aurania established its community engagement program, working with local communities and establishing an understanding with those communities of the work program and its potential social and environmental impacts. Integral to this initiative was the setting up a field office in Macas, Ecuador, located near the northwest corner of the Lost Cities – Cutucú Project area, and establishing and training a team derived from the local communities to manage and drive the community engagement.

The Corporation's CSR team evolved under the guidance of a Toronto-based consulting agency specializing in developing localized social corporate responsibility policies and developing a comprehensive Social Management Plan ("SMP") to manage and mitigate social risk. The SMP includes early stakeholder engagement, social impact analysis, and defines partnerships with the Ecuadorian government. Specifically, Aurania works with the ministries of the Environment, Health, Agriculture and Education in addition to its normal-course interaction with the MENRNR. As part of the work accomplished under the SMP, formal access agreements have been established with 70% of communities that lie within Aurania's Lost Cities – Cutucú Project area. Discussions with other communities are on-going.

Aurania's relationships with communities near where it operates, and other stakeholders are critical to ensure the future success of Aurania's exploration and development activities on its concessions. Aurania's mineral concessions are located near rural communities, some of which contain groups that have been opposed to mining activities in the past, which may affect Aurania's exploration and development activities in the short and long term. Furthermore, local communities may be influenced by external entities, groups or organizations opposed to mining activities. In recent years, anti-mining non-governmental organizations (NGOs) and indigenous group activities in Ecuador have increased. These communities, NGOs and indigenous groups have taken such actions as civil unrest, road closures and work stoppages. Such actions may have a material adverse effect on Aurania's operations on its exploration activities and on its financial position and results of operations. While Aurania is committed to operating in a



socially responsible manner, there can be no assurance that our efforts in this respect will mitigate this potential risk.

Aurania's operations may be subject to environmental regulations promulgated by government agencies from time to time. Environmental legislation provides for, among other things, restrictions and prohibitions on spills, releases or emissions of various substances produced in association with certain mineral resource industry operations, such as the generation, transport, storage and disposal of solid and hazardous waste, all of which may result in environmental pollution. Environmental legislation is evolving in a manner which will likely require stricter standards and enforcement, increased fines and penalties for non-compliance, including potential loss of title, more stringent environmental assessments of proposed projects, and a heightened degree of responsibility for companies and their officers, directors and employees.

Environmental hazards may exist on the properties on which Aurania holds interests which are unknown to Aurania at present and which have been caused by previous or existing owners or operators of the properties that may be conducting mining, logging, deforestation or some other activity.

There is no assurance that future changes in environmental regulation, if any, will not adversely affect our operations. A breach of such legislation may result in the imposition of fines and penalties. In addition, certain types of operations require the submission and approval of environmental impact assessments. Environmental assessments of proposed projects carry a heightened degree of responsibility for companies and directors, officers and employees. The cost of compliance with changes in governmental regulations has potential to reduce the profitability of operations. Aurania intends to comply fully with all environmental regulations.