



AURCANA CORPORATION

Condensed Interim Consolidated Financial Statements

March 31, 2020

(Unaudited)

Expressed in United States dollars unless otherwise stated

850-789 West Pender Street, Vancouver BC V6C 1H2 Canada

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NOTICE 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 Company's 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 condensed interim consolidated financial statements of 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 interim financial statements in accordance with the standards established by the Canadian Institute of Chartered Professional Accountants for a review of financial statements by an entity's auditor.

"Kevin Drover"
President and CEO

"Charles R. Andrews"
CFO

Aurcana Corporation
Condensed Interim Consolidated Statements of Financial Position
(Expressed in United States dollars)

	Notes	March 31 2020	December 31 2019
Assets			
Current assets			
Cash and cash equivalents	14	\$ 5,939,066	\$ 3,944,286
Trade and other receivables	3	15,028	58,979
Inventories	4	142,382	142,382
Prepaid expenses and advances	5	271,379	415,268
		6,367,855	4,560,915
Non Current assets			
Non-current prepaid expenses	5	12,514	12,736
Long term deposits		71,933	71,933
Property, plant and equipment	6	22,578,286	22,590,133
Mineral Properties	7	40,885,708	40,885,708
Right-of-use asset	8	207,524	236,382
Reclamation deposits	9	480,769	480,769
Total assets		\$ 70,604,589	\$ 68,838,576
Liabilities			
Current liabilities			
Accounts payable and accrued liabilities	10	\$ 240,760	\$ 676,826
Current portion of lease payable	8	117,293	114,688
		358,053	791,514
Non Current liabilities			
Lease payable	8	104,103	137,032
Provision for environmental rehabilitation	11	1,120,270	1,120,270
Total liabilities		1,582,426	2,048,816
Equity			
	12		
Share capital		32,123,819	29,451,075
Contributed surplus		135,435,501	133,939,863
Acumulated other comprehensive loss		(863,596)	(162,873)
Deficit		(97,684,726)	(96,449,470)
Total equity attributable to equity holders of the parent		69,010,998	66,778,595
Non-controlling interest		11,165	11,165
Total equity		69,022,163	66,789,760
		\$ 70,604,589	\$ 68,838,576

Nature of Operations and Going Concern (Note 1)
Subsequent Events (Note 23)

See accompanying notes to these condensed interim consolidated financial statements.

Approved on behalf of the Board of Directors:

“David Kaplan”
Director

“Michael P. Gross”
Director

Aurcana Corporation

Condensed Interim Consolidated Statements of Loss and Comprehensive Loss
For the Periods Ended March 31, 2020 and 2019
(Expressed in United States dollars, unless otherwise stated)

	Notes	2020	2019
Expenses			
General and administrative costs	16	\$ 764,538	\$ 776,907
Financing expense and others	17	5,163	4,013
Care & maintenance costs	18	672,112	469,464
Depreciation and amortization property, plant and equipment	19	334,479	363,523
Amortization of right-of-use asset	8	28,858	-
Accretion of lease liability	8	8,448	-
Foreign exchange loss (income)		(572,900)	46,208
		<u>1,240,698</u>	<u>1,660,115</u>
Other income			
Management Fees		\$ -	\$ 150,000
Oil & Gas lease		-	30,806
Other		5,442	1,976
		<u>5,442</u>	<u>182,782</u>
Net loss for the Period before other comprehensive items		(1,235,256)	(1,477,333)
Other comprehensive Income (loss)			
Items that may be reclassified subsequently to profit or loss:			
Currency translation adjustment		(700,723)	90,954
Total other comprehensive income (loss) for the Period		(700,723)	90,954
Total comprehensive loss for the Period		\$ (1,935,979)	\$ (1,386,379)
Weighted average number of shares basic and diluted		162,673,862	116,309,028
Loss per share			
Loss per share (basic & diluted)		\$ (0.01)	\$ (0.01)

See accompanying notes to these condensed interim consolidated financial statements.

Aurcana Corporation
Condensed Interim Consolidated Statements of Changes in Equity
(Expressed in United States dollars, unless otherwise stated)

	Share Capital		Contributed	Accumulated Other Comprehensive		Shareholders of	Non- controlling	Total
	Number of shares	\$	Surplus	Income (Loss)	Deficit	the Company	Interest	Equity
Balance, December 31, 2018	116,309,028	25,594,154	131,413,617	(433,425)	(89,257,206)	67,317,140	11,165	67,328,305
Net loss for the period	-	-	-	-	(1,477,333)	(1,477,333)	-	(1,477,333)
Currency translation adjustment	-	-	-	90,954	-	90,954	-	90,954
Balance, March 31, 2019	116,309,028	25,594,154	131,413,617	(342,471)	(90,734,539)	65,930,761	11,165	65,941,926
Net loss for the period	-	-	-	-	(5,714,931)	(5,714,931)	-	(5,714,931)
Shares issued for:								-
Private placement	35,739,195	4,412,543	2,356,244	-	-	6,768,787	-	6,768,787
Share Issue Costs	-	(555,622)	170,002	-	-	(385,620)	-	(385,620)
Currency translation adjustment	-	-	-	179,598	-	179,598	-	179,598
Balance, December 31, 2019	152,048,223	29,451,075	133,939,863	(162,873)	(96,449,470)	66,778,595	11,165	66,789,760
Net loss for the period	-	-	-	-	(1,235,256)	(1,235,256)	-	(1,235,256)
Shares issued for:								-
Private placement (note 21)	26,691,468	3,085,419	1,397,117	-	-	4,482,536	-	4,482,536
Share Issue Costs (note 21)	-	(412,675)	98,521	-	-	(314,154)	-	(314,154)
Currency translation adjustment	-	-	-	(700,723)	-	(700,723)	-	(700,723)
Balance, March 31, 2020	178,739,691	\$ 32,123,819	\$ 135,435,501	\$ (863,596)	\$ (97,684,726)	\$ 69,010,998	\$ 11,165	\$ 69,022,163

See accompanying notes to these condensed interim consolidated financial statements.

Aurcana Corporation
Condensed Interim Consolidated Statements of Cash Flows
For the Periods Ended March 31, 2020 and 2019
(Expressed in United States dollars, unless otherwise stated)

	Notes	2020	2019
Cash flows from operating activities			
Net loss for the Period		\$ (1,235,256)	\$ (1,477,333)
Items not involving cash:			
Depreciation and amortization property plant and equipment		334,479	363,523
Amortization right to use asset		28,858	-
Deferred revenue (oil & gas)		-	(30,806)
Write-off Accounts Receivable	3	29,802	-
Impairment & write-down on property, plant and equipment		2,884	-
Accretion of lease liability		(3,896)	-
Unrealized foreign exchange (income) loss		(687,513)	90,954
Operating cash flow before changes in working capital		<u>(1,530,642)</u>	<u>(1,053,662)</u>
Net changes to non-cash working capital balances			
Trade and other receivables		14,149	(11,126)
Prepaid expenses and advances		144,111	134,086
Accounts payable and accrued liabilities		(436,066)	(470,042)
Cash used in operating activities		<u>(1,808,448)</u>	<u>(1,400,744)</u>
Cash flows from investing activities			
Proceeds from the sale of equipment		475	-
Mine development		(323,158)	(189,711)
Purchase of property, plant and equipment		(2,833)	-
Cash used in investing activities		<u>(325,516)</u>	<u>(189,711)</u>
Cash flows from financing activities			
Lease payments		(26,428)	-
Share capital issued		4,482,536	-
Share Issue Costs		(314,154)	-
Cash provided by financing activities		<u>4,141,954</u>	<u>-</u>
(Decrease) / increase in cash and cash equivalents		2,007,990	(1,590,455)
Effect of exchange rate changes on cash		(13,210)	-
Cash and cash equivalents, beginning of the year		3,944,286	4,464,236
Cash and cash equivalents, end of the Period		<u>\$ 5,939,066</u>	<u>\$ 2,873,781</u>

Supplemental Cash Flow information (Note 14)

See accompanying notes to these condensed interim consolidated financial statements.

AURCANA CORPORATION

Notes to Condensed Interim Consolidated Financial Statements (Expressed in United States dollars, unless otherwise stated)

1. Nature of Operations and Going Concern

The Company was originally incorporated in Canada under the laws of the Province of Ontario in 1917 and on September 14, 1998 was continued under the *Canada Business Corporations Act* ("CBCA"). The Company is currently engaged in the exploration, development and operation of natural resource properties. The Company's development properties are the Revenue-Virginus Mine ("Ouray"), located in Colorado through the Company's 100% owned US subsidiary, Ouray Silver Mines ("OSM"), and the Shafter silver property ("Shafter"), located in Presidio County, Texas through the Company's 100% owned US subsidiary, Aurcana US Hold 1 Co Ltd. Both Ouray and Shafter are currently on "care and maintenance".

The Company's common shares are listed on the TSX Venture Exchange and the head office, principal address, and registered office is located at Suite 850-789 West Pender Street, Vancouver, B.C., V6C 1H2, Canada.

These consolidated financial statements have been prepared on the basis that the Company will continue as a going concern, which assumes that the Company will be able to meet its commitments, continue operations and realize its assets and discharge its liabilities in the normal course of business. The Company operates in a cyclical industry where levels of cash flow have historically been correlated to market prices for commodities.

The Company incurred a net loss of \$1,235,256 for the period ended March 31, 2020 (year ended December 31, 2019: \$7,192,264) and has accumulated a deficit of \$97,684,726 at March 31, 2020 (December 31, 2019: (\$96,449,470)). As at March 31, 2020, the Company had working capital of \$6,009,802, compared with \$3,769,401 as at December 31, 2019.

Several adverse conditions and material uncertainties, including, without limitation, low metal prices, may cast significant doubt upon the Company's ability to continue as a going concern.

2. Basis of Preparation

These condensed interim consolidated financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB") on the historical cost basis except for financial instruments that are measured at fair value at the end of each reporting period, as explained in the accounting policies included on the audited consolidated financial statements as at and for the year ended December 31, 2019.

These condensed interim consolidated financial statements do not include all the information required for a complete set of IFRS statements. However, selected notes are included to explain events and transactions that are significant to an understanding of the changes in the Company's financial position and performance since the last annual audited consolidated financial statements as at and for the year ended December 31, 2019.

These condensed interim consolidated financial statements were approved by the Board of Directors on May 28, 2020.

AURCANA CORPORATION
Notes to Condensed Interim Consolidated Financial Statements
(Expressed in United States dollars, unless otherwise stated)

3. Trade and Other Receivables

	March 31 2020	December 31 2019
Trade receivables	-	29,802
GST receivable and others	15,028	29,177
	<u>\$ 15,028</u>	<u>\$ 58,979</u>

During the first quarter of 2020, the Company wrote down \$29,802 from trade receivables, as it was unable to collect from Minera La Negra. During the year ended December 31, 2019, the Company wrote off \$140,000 of trade and other receivables.

4. Inventory

Company's inventory is all located in the U.S. and they are all consumable and supplies, which consist of spare parts and consumable goods used for general repairs and maintenance.

5. Prepaid Expenses and Advances

	March 31 2020	December 31 2019
Prepaid expenses	\$ 270,626	\$ 414,515
Other	753	753
Current portion	271,379	415,268
Non-current portion	12,514	12,736
	<u>\$ 283,893</u>	<u>\$ 428,004</u>

AURCANA CORPORATION
Notes to Condensed Interim Consolidated Financial Statements
(Expressed in United States dollars, unless otherwise stated)

6. Property, Plant and Equipment

	Buildings	Plant and Equipment	Mine Development Cost	Vehicles	Computer Equipment	Other	Total
Cost							
Balance at December 31, 2018	\$ 5,849,708	\$ 14,351,898	\$ 7,827,311	\$ 170,989	\$ 273,919	\$ 525,589	\$ 28,999,414
Additions	-	-	990,337	-	2,977	-	993,314
Write-down	-	(305,362)	-	-	-	-	(305,362)
Balance at December 31, 2019	5,849,708	14,046,536	8,817,648	170,989	276,896	525,589	29,687,366
Additions	-	-	323,158	-	-	-	323,158
Write-down and disposals	-	-	-	(2,884)	-	-	(2,884)
Balance at March 31, 2020	\$ 5,849,708	\$ 14,046,536	\$ 9,140,806	\$ 168,105	\$ 276,896	\$ 525,589	\$ 30,007,640
Accumulated depreciation							
Balance at December 31, 2018	\$ 558,023	\$ 4,446,793	\$ -	\$ 83,701	\$ 255,453	\$ 339,889	\$ 5,683,859
Charge for the period	118,844	1,196,855	-	25,413	10,217	62,045	1,413,374
Balance at December 31, 2019	676,867	5,643,648	-	109,114	265,670	401,934	7,097,233
Disposals	-	-	-	(2,358)	-	-	(2,358)
Charge for the period	30,483	299,214	-	3,637	911	234	334,479
Balance at March 31, 2020	\$ 707,350	\$ 5,942,862	\$ -	\$ 110,393	\$ 266,581	\$ 402,168	\$ 7,429,354
Net book value							
Balance at December 31, 2019	\$ 5,172,841	\$ 8,402,888	\$ 8,817,648	\$ 61,875	\$ 11,226	\$ 123,655	\$ 22,590,133
Balance at March 31, 2020	\$ 5,142,358	\$ 8,103,674	\$ 9,140,806	\$ 57,712	\$ 10,315	\$ 123,421	\$ 22,578,286

Shafter and Revenue-Virginus Mines are in care and maintenance, and there is no production activity. Therefore, Mine Development Cost is not subject to amortization. All property, plant and equipment assets are in the United States of America.

During the year ended December 31, 2019, the Company wrote-down a filter press that did not comply with the American Welding Standards. The loss on disposal was recorded in the other expense line item in the consolidated statement of comprehensive loss.

During the period ended March 31, 2020, the Company disposed two non-operational snowmobiles.

AURCANA CORPORATION
Notes to Condensed Interim Consolidated Financial Statements
(Expressed in United States dollars, unless otherwise stated)

7. Mineral Properties

	Revenue-Virginus, Colorado, USA, In care & Maintenance	Shafter, Texas, USA, In Care & Maintenance	Total
Balance at December 31, 2018	\$ 27,764,038	\$ 13,396,556	\$41,160,594
Capitalized transaction cost from adjustment	-	(274,886)	(274,886)
Balance at December 31, 2019 and March 31, 2020	<u>\$ 27,764,038</u>	<u>\$ 13,121,670</u>	<u>\$ 40,885,708</u>
Net book value			
Balance at December 31, 2019 and March 31, 2020	<u>\$ 27,764,038</u>	<u>\$ 13,121,670</u>	<u>\$ 40,885,708</u>

During the year ended December 31, 2019, the Company was able to renegotiate the transaction cost of the mineral property in Shafter, Texas. The Company was able to lower the price by \$274,886.

8. Leases

IFRS 16 Leases sets out the principles for recognition, measurement, presentation, and disclosure of leases. It eliminates the classification of leases as either operating or finance leases required by IAS 17 and introduces a single lessee accounting model.

The Company adopted IFRS 16 using the modified retrospective approach effective January 1, 2019. Accordingly, the comparative information presented for 2018 has not been restated. On transition to IFRS 16, the Company elected to apply the practical expedient to grandfather the assessment of which transactions are leases. It applied IFRS 16 only to contracts that were previously identified as leases. Contracts that were not identified as leases under IAS 17 and IFRIC 4 were not reassessed. Therefore, the definition of a lease under IFRS 16 has been applied only to contracts entered into or changed on or after January 1, 2019.

In applying IFRS 16 for the first time, the Company used the following practical expedients permitted by the standard.

- Account for leases with a remaining term of less than 12 months as of December 31, 2019 as short-term leases;
- Application of a single discount rate to a portfolio of leases with similar characteristics;
- Account for lease payments as an expense and not recognize a right-to-use asset if the underlying asset is of low dollar value (\$5,000 or lower); and
- The use of hindsight in determining the lease term where the contract contains terms to extend or terminate the lease. for a further three years. Both leases of the Company were classified as operating leases and payments made were charged directly to profit or loss.

AURCANA CORPORATION
Notes to Condensed Interim Consolidated Financial Statements
(Expressed in United States dollars, unless otherwise stated)

8. Leases (continued)

The Company leases its office space in Vancouver British Columbia Canada, and the office space and warehouse space in Ouray Colorado USA. On adoption of IFRS 16, the Company recognized lease liabilities. The term of the leases is for three years with an option to renew.

Leases are recognized as a right-to-use asset with a corresponding liability at the date at which the leased asset is available for use. Each lease payment is allocated between the liability and the finance cost. The finance cost is charged to profit or loss over the lease period to produce a constant periodic rate of interest on the remaining balance of the liability for each period. The right-of-use asset is depreciated over the shorter of the asset's useful life and the lease term on a straight-line basis.

Lease payments are discounted using the interest rate implicit in the lease. If that rate cannot be determined, the Company's incremental borrowing rate is used, being the rate that the Company would have to pay to borrow the funds necessary to obtain an asset of similar value in a similar economic environment with similar terms and conditions.

The liability pertaining to the lease of the facilities was measured at the present value of the remaining lease payments, discounted using the Company's incremental borrowing rate of 14%. The associated right-of-use asset was measured at the value of the lease liability plus the estimated cost of restoring the facility. As a result, on December 31, 2019, the Company recognized total lease liabilities of \$251,720 and right-of-use assets of \$236,382.

Company's lease liability and the right-of-use assets for the facilities is as follows:

Lease liability	March 31, 2020		
	Canada	USA	Total
Balance as at December 31, 2019	\$ 41,008	\$ 210,712	\$ 251,720
Payments	(5,155)	(30,351)	(35,506)
Accretion expense	1,342	7,106	8,448
	37,195	187,467	224,662
Less current portion	15,786	101,507	117,293
Currency translation adjustment	(3,266)	-	(3,266)
Long-term	18,143	85,960	104,103

Right-of-use asset	March 31, 2020		
	Canada	USA	Total
Balance as at December 31, 2019	\$ 39,048	\$ 197,334	\$ 236,382
Amortization	4,189	24,669	28,858
	34,859	172,665	207,524

AURCANA CORPORATION
Notes to Condensed Interim Consolidated Financial Statements
(Expressed in United States dollars, unless otherwise stated)

9. Reclamation Deposits

Reclamation deposits are amounts related to deposits made by the Company to the State of Colorado for the mine closure of the Revenue-Virginus Mine and this deposit is held until the mine effectively closes.

10. Accounts Payable and Accrued Liabilities

	March 31 <u>2020</u>	December 31 <u>2019</u>
Salaries, payroll deductions and employee benefits	\$ 6,087	\$ 106,948
Property taxes	25,500	219,369
Insurance	133,071	262,477
Other	76,102	88,032
	<u>\$ 240,760</u>	<u>\$ 676,826</u>

Accounts payable and accrued liabilities include related party amounts. See note 13.

11. Provision for Environmental Rehabilitation

The environmental remediation liability is subject to revision based on future mine resource realization, and other factors which affect the costs incurred at future dates such as inflation and discount rates.

For the period ended March 31, 2020, the Company recognized \$1,120,270 (December 31, 2019 - \$1,120,270).

The Company has recorded its best estimate of the cost to rehabilitate the known features on the mineral properties as a provision for environmental rehabilitation for the year-ended December 31, 2019. This amounted to \$1,120,270. A long-term inflation rate of 2% was used in the analysis, which when off-set against a long-term risk-free discount rate of 2%, the impact of discounting was not significant. The future cash flows required to settle this obligation involve a degree of uncertainty as these are estimates at this time.

AURCANA CORPORATION
Notes to Condensed Interim Consolidated Financial Statements
(Expressed in United States dollars, unless otherwise stated)

12. Equity

Authorized

The Company is authorized to issue an unlimited number of common shares with no par value.

Share issuance details:

	Number of Common Shares	Amount
Balance, December 31, 2018	116,309,028	\$ 25,594,154
Private placement	35,739,195	\$ 4,412,543
Share Issue Costs	-	\$ (555,622)
Balance, December 31, 2019	152,048,223	\$ 29,451,075
Private placement (note 21)	26,691,468	\$ 3,085,419
Share Issue Costs (note 21)	-	\$ (412,675)
Balance, March 31, 2020	178,739,691	\$ 32,123,819

Stock options

The Company is authorized to issue up to 11,514,593 options, of which 760,000 options are outstanding with a remaining balance of 10,754,593 options available to be issued.

<u>Stock options</u>	Number of Common Share Purchase Options	Weighted Average Exercise Price per Share (\$CDN)
Balance, December 31, 2018	1,640,000	1.18
Forfeited	(200,000)	1.60
Expired	(380,000)	1.05
Balance, December 31, 2019	1,060,000	1.14
Forfeited	(300,000)	1.00
Balance, March 31, 2020	760,000	1.20

AURCANA CORPORATION
Notes to Condensed Interim Consolidated Financial Statements
(Expressed in United States dollars, unless otherwise stated)

12. Equity (continued)

A summary of the Company's Option activity is presented below:

<u>Stock options</u>			Exercise Price	
Outstanding	Vested		(\$CDN)	Expiry Date
450,000	450,000	\$	0.85	March 2, 2021
80,000	80,000	\$	2.00	August 5, 2021
230,000	230,000	\$	1.60	April 27, 2022
<u>760,000</u>	<u>760,000</u>	<u>\$</u>	<u>1.20</u>	

The weighted average remaining contractual life of stock options outstanding is 1.3 years. The values post consolidation stock options utilized the Black Scholes option pricing model.

Warrants

	Number of Common	Exercise Price
Common Share Purchase	Share	(CDN)
Warrants	Warrants	
Balance, December 31, 2018	11,577,306	\$1.520
Private placement	37,128,395	\$0.375
Balance, December 31, 2019	<u>48,705,701</u>	<u>\$0.648</u>
Private placement (note 21)	27,816,030	\$0.375
Expired	(2,447,746)	\$2.250
Balance, March 31, 2020	<u><u>74,073,985</u></u>	<u><u>\$0.492</u></u>

AURCANA CORPORATION
Notes to Condensed Interim Consolidated Financial Statements
(Expressed in United States dollars, unless otherwise stated)

12. Equity (continued)

As of December 31, 2019, details of outstanding warrants are as follows:

Number of Common Share Purchase Warrants	Exercise Price (CDN)	Expiry Date
2,837,560	\$1.500	May 3, 2021
6,292,000	\$1.250	December 27, 2021
18,340,324	\$0.375	August 15, 2022
18,788,071	\$0.375	September 3, 2022
15,741,412	\$0.375	February 20, 2023
12,074,618	\$0.375	March 2, 2023
<u>74,073,985</u>	<u>\$0.492</u>	

As at March 31, 2020, the weighted average remaining contractual life of warrants outstanding is 2.4 years.

The values of warrants determined during the period ended March 31, 2020 utilized the Black-Scholes option pricing model weighted the weight average input factors and assumptions as follows:

	March 31 2020	December 31 2019
Risk-free interest rate	1.14% - 1.40%	1% - 1.24%
Expected stock price volatility	84.74% 84.82%	77.26% - 89.95%
Expected dividend yield	Nil	Nil
Expected warrant life in years	3	3
Share price CDN	\$0.27 - \$0.23	\$0.28 - \$0.36
Exercise price CDN	\$ 0.375	\$ 0.375

During the period ended March 31, 2020, the 27,816,030 warrants were recorded at a value of \$1,495,638 (2019 - \$2,526,246).

AURCANA CORPORATION
Notes to Condensed Interim Consolidated Financial Statements
(Expressed in United States dollars, unless otherwise stated)

13. Related Party Transactions

Transactions between the Company and its subsidiaries have been eliminated on consolidation and are not disclosed in this note. The Company's related parties include key management personnel and directors of the Company. Details of the transactions between the Company and its related parties are disclosed below:

a) Trading transactions

The Company's related parties consist of companies owned by executive officers and directors and payments to these parties are as follows:

	Note	March 31 2020	March 31 2019
General and administrative expenses - Consulting Fees	(i)	\$ 23,153	\$ 53,027

(i) To companies controlled by the corporate secretary, and the CFO for services performed as officers.

b) Compensation of key management personnel

	Note	March 31 2020	March 31 2019
Consulting fees (as above)		\$ 23,153	\$ 53,027
Officer salaries		166,669	170,031
		<u>\$ 189,822</u>	<u>\$ 223,058</u>

c) Due to Related Parties

	Note	March 31 2020	March 31 2019
Accounts payable and accrued liabilities	(i)	\$ -	\$ 270,778

(i) Payables due to related parties primarily for salary of the key management personnel.

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Notes to Condensed Interim Consolidated Financial Statements
(Expressed in United States dollars, unless otherwise stated)

14. Supplemental Cash Flow Information

Cash and cash equivalents of the Company are comprised of bank balances and short-term investments, which are convertible to cash, with an initial term of 90 days or less as follows:

	March 31 2020	December 31 2019
Cash	\$ 635,934	\$ 129,390
Short-term investments	5,303,132	3,814,896
	\$ 5,939,066	\$ 3,944,286

The short-term investments were made on an overnight basis and at rates from 0.2% to 1.1% per annum.

15. Segmented Information

The reportable operating segments have been identified as the Ouray Project, Shafter Project and Corporate and other segments. The Company manages its business, including the allocation of resources and assessment of performance, on a project by project basis, except where the Company's projects are substantially connected and share resources and administrative functions. Care & maintenance costs include technical studies.

March 31, 2020	Ouray	Shafter	Corporate and other segments	Total
General and administrative cost	340,343	68,224	355,971	764,538
Care & maintenance costs	618,351	53,761	-	672,112
Depreciation and amortization	334,333	-	146	334,479
Foreign exchange gain	-	-	(572,900)	(572,900)
Other expenses	34,841	99	2,087	37,027
Net loss for the Period before other comprehensive items	(1,327,868)	(122,084)	214,696	(1,235,256)
Currency translation adjustment	-	-	(700,723)	(700,723)
Total comprehensive loss for the Period	(1,327,868)	(122,084)	(486,027)	(1,935,979)
Property, plant and equipment	12,466,691	10,108,764	2,831	22,578,286
Mineral properties	27,764,039	12,663,526	458,143	40,885,708
Total capital assets	40,230,730	22,772,290	460,974	63,463,994
Total assets	41,629,095	22,798,886	6,176,608	70,604,589
Total liabilities	744,612	670,913	166,901	1,582,426

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15. Segmented Information (continued)

March 31, 2019	Ouray	Shafter	Corporate and other segments	Total
Other income	\$ -	\$ 30,806	\$ 150,000	\$ 180,806
General and administrative cost	315,365	134,341	327,201	776,907
Care & maintenance costs	393,145	76,319	-	469,464
Depreciation and amortization	363,523	-	-	363,523
Foreign exchange loss	-	-	46,208	46,208
Other (income) expenses	2,557	129	(649)	2,037
Net loss for the period before other comprehensive items	(1,074,590)	(179,983)	(222,760)	(1,477,333)
Currency translation adjustment	90,954	-	-	90,954
Total comprehensive loss for the period	(983,636)	(179,983)	(222,760)	(1,386,379)
Net loss for the period	(983,636)	-	-	(1,386,379)
Property, plant and equipment	12,494,493	10,647,250	-	23,141,743
Mineral properties	27,501,967	10,378,365	-	41,160,594
Total capital assets	39,996,460	21,025,615	-	64,302,337
Total assets	41,379,280	21,065,581	6,016,894	68,461,755
Total liabilities	685,311	725,906	1,108,612	2,519,829

16. General and administrative costs

	Three months ended March 31,	
	2020	2019
Salaries and consulting fees	\$ 482,373	\$ 525,630
Transaction cost	-	80,016
Professional fees	31,449	31,647
Investor relations	22,500	26,573
Marketing and road shows	91,856	1,294
Listing and filing fees	13,434	2,075
Other	122,926	109,672
	\$ 764,538	\$ 776,907

	Three months ended March 31,	
	2020	2019
Other break down:		
Rent and overhead	\$ 3,923	\$ 38,706
Travel and accommodation	18,500	6,349
Office	70,701	41,320
Loss on sale of assets	-	23,297
Write-off Accounts Receivable	29,802	-
Total Other	\$ 122,926	\$ 109,672

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17. Financing and Other Expense

	Three months ended March 31,	
	2020	2019
Interest Expense	\$ 2,162	\$ 2,166
Bank charges	3,001	1,847
	<u>\$ 5,163</u>	<u>\$ 4,013</u>

18. Care & maintenance costs

	Three months ended March 31,	
	2020	2019
Site maintenance	\$ 365,102	\$ 252,345
Insurance	96,041	105,273
Environmental	50,170	57,913
Property taxes	160,799	53,933
	<u>\$ 672,112</u>	<u>\$ 469,464</u>

19. Depreciation and Amortization – Property, Plant and Equipment

	Three months ended March 31,	
	2020	2019
Property, plant and equipment depreciation	\$ 334,479	\$ 363,523
	<u>\$ 334,479</u>	<u>\$ 363,523</u>

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20. Impairment and write-down

In accordance with the Company's accounting policy management performed an assessment of the recoverable amount of property, plant and equipment on site at the Revenue-Virginus Mine included in the Ouray project. The Company engaged an independent valuations expert to assess the fair value of property, plant and equipment and determined that certain assets were carried at a value in excess of the recoverable amount.

During the year ended December 31, 2019, the Company wrote-down a filter press that didn't comply with the American Welding Standards in the amount of \$305,362, which was originally recorded as an equipment purchase in a prior year. The Company was unable to recover the cost of the equipment, and the write-down is reflected in the ending balance of \$8,402,888 as of December 31, 2019 for plant and equipment. During the period ended March 31, 2020, the Company disposed two non-operational snowmobiles. (Note 6).

21. Private Placement

On February 20, 2020, the Company completed the first tranche of a non-brokered private placement offering (the "Private Placement") for 15,108,097 Units for gross proceeds of CDN\$3,323,781 at a price of CDN\$0.22 per Unit (the "Units"). Each Unit consists of one common share of the Company (each, a "Common Share") and one full common share purchase warrant (each, a "Common Share Purchase Warrant"). Each Common Share Purchase Warrant will enable the holder to purchase one Common Share at a price of CDN\$0.375 for a period of 36 months following the closing of the Private Placement, subject to adjustment upon certain customary events.

For the First tranche, the Company paid an aggregate of \$139,330 in finder's fees and issued an aggregate of 633,315 agent's warrants, ("Agent's Warrants") with each Agent's warrant entitling the holder thereof to purchase one Common Share at a price of CDN\$0.375 for a period of 36 months from the date of issuance.

The Common Shares and the Warrants (and any Common Shares issued pursuant to the Warrants, as applicable) issued in the first tranche are subject to a statutory hold period expiring on June 20, 2020.

On March 2, 2020, the Company completed the second tranche of the non-brokered private placement offering (the "Private Placement") for 11,583,371 Units for gross proceeds of CDN\$2,548,342 at a price of CDN\$0.22 per Unit (the "Units") Each Unit consists of one common share of the Company (each, a "Common Share") and one full common share purchase warrant (each, a "Common Share Purchase Warrant"). Each Common Share Purchase Warrant will enable the holder to purchase one Common Share at a price of CDN\$0.375 for a period of 36 months following the closing of the Private Placement subject to adjustment upon certain customary events.

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21. Private Placement (continued)

For the second tranche, the Company paid an aggregate of CDN\$99,494 in finder's fees and issued an aggregate of 491,247 Agent's Warrants, ("Agent's Warrants") with each Agent's warrant entitling the holder thereof to purchase one Common Share at a price of CDN\$0.375 for a period of 36 months from the date of issuance.

The Common Shares and the Warrants (and any Common Shares issued pursuant to the Warrants, as applicable) issued in the second tranche are subject to a statutory hold period expiring on July 3, 2020.

The net proceeds of both tranches of the Private Placement will be used to continue to execute the Company's corporate vision, previously announced on June 19, 2019 and recently updated on its website www.aurcana.com, which is primarily focused on advancing its wholly-owned Revenue-Virginus Silver Mine located in Ouray, Colorado, as well as for working capital and general and administrative expenses.

22. Blue Grass Claim Acquisition

On March 31, 2020, the company announced the closing of the Blue Grass patented mining claim acquisition previously announced in January 2020. The signing of a definitive agreement between its subsidiary, Ouray Silver Mines Inc. ("OSMI") and Caldera Mineral Resources ("Caldera") swaps certain mineral properties in the Mt. Sneffels Mining District located in the San Juan Mountains of Colorado. The transaction is non-cash, accretive to both companies. Under the terms set forth in the agreement OSMI received 100% surface and mineral ownership of the Blue Grass patented claim located contiguous to current underground workings. Caldera received OSMI's 62.08% surface and mineral ownership in the Hidden Treasure and Hidden Treasure Mill Site patented claims, 62.08% of only mineral ownership in the Good Luck and Good Luck Extension patented claims, and 80% interest in the Evelyn, Edward B, John R and Vincent patented claims located in Imogene Basin. These claims are not contiguous with OSMI's workings and are approximately 8,000 feet away. Additionally, the claims do not control apex of any known mineralized structure.

The acquisition of the Blue Grass patented claim gives OSMI ownership of the Virginus vein contiguous with and immediately north of OSMI's Monongahela patented claim. The Company is looking forward to exploring the Blue Grass patented claim to potentially add mineral resources within the current development plan. A drilling program of 10 holes of 7,000 feet is currently planned for the 3rd quarter of 2020.

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23. Subsequent Events

Private placement 2020.

On April 17, 2020 the Company completed a private placement of 9,337,407 units at a price of CDN\$0.27 per unit, to raise total proceeds of CDN\$2,521,100. Each unit consists of one common share of the Company and one full common share purchase warrant ("Warrant"), with each Warrant entitling the holder thereof to purchase one common share at a price of CDN\$0.35 for a period of 36 months, subject to adjustment upon certain customary events. The net proceeds of the private placement will be used to continue to execute the Company's corporate vision, previously announced on June 19, 2019 and posted on its website www.aurcana.com, which is primarily focused on advancing its wholly-owned Revenue-Virginus Silver Mine located in Ouray, Colorado, as well as for working capital and general and administrative expenses. The Company paid an aggregate of CDN\$144,543 in finder's fees and issued an aggregate of 535,344 agent's Warrants, with each agent's warrant entitling the holder thereof to purchase one Common Share at a price of CDN\$0.35 for a period of 36 months. The Common Shares and the Warrants (and any Common Shares issued pursuant to the Warrants, as applicable) are subject to a statutory hold period expiring on August 18, 2020.

Board of Directors updates

On April 7, 2020, Jose Manuel Borquez resigned as a member of the board of directors.

On April 9, 2020, the Company appointed Peter Fairfield as a member of the board of directors.

COVID-19 (coronavirus)

Subsequent to year-end, there was a global outbreak of COVID-19 (coronavirus), which has had a significant impact on businesses through the restrictions put in place by the Canadian and U.S., provincial, state and municipal governments regarding travel, business operations and isolation/quarantine orders. At this time, it is unknown the extent of the impact the COVID-19 outbreak may have on Aurcana Corporation, and its U.S. operations, as this will depend on future developments that are highly uncertain and that cannot be predicted with confidence. These uncertainties arise from the inability to predict the ultimate geographic spread of the disease, and the duration of the outbreak, including the duration of travel restrictions, business closures or disruptions, and quarantine/isolation measures that are currently, or may be put, in place by Canada, U.S., and other countries to fight the virus.

The COVID-19 pandemic has a limited effect on Aurcana Corporation and its operations located in the US. Mining is considered an "essential" function for the economy and is exempt from business closure restrictions or orders. Other than the recommended "social distancing", utilization of personal protective equipment (PPE), and extra diligence in sanitizing work spaces and equipment, the Company is able to continue executing the current operating plan and 2020 budget, which will advance the OSMI development project through the end of the year. Where practical, administrative and technical staff are working remotely to provide the safest work environment possible. The Company does not foresee any significant business risks other than potential minor delays in equipment repairs/maintenance, which could be due to limited workforce availability. While the extent of the impact is unknown, we anticipate this outbreak may cause supply chain disruptions, staff shortages, and increased government regulations, all of which may negatively impact the Company's business and financial condition.