AURORA ROYALTIES INC.

(Formerly Amato Exploration Ltd.)

FINANCIAL STATEMENTS

FOR THE YEARS ENDED

NOVEMBER 30, 2017 AND 2016

(Expressed in Canadian Dollars)

AURORA ROYALTIES INC.

(Formerly Amato Exploration Ltd.)

NOVEMBER 30, 2017 AND 2016

CONTENTS

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INDEPENDENT AUDITOR'S REPORT

To the Shareholders of
Aurora Royalties Inc.

Report on the Financial Statements

We have audited the accompanying financial statements of Aurora Royalties Inc., which comprise the statements of financial position as at November 30, 2017 and 2016, and the statements of comprehensive loss, changes in equity and cash flows for the years then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with International Financial Reporting Standards, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform the audits to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements present fairly, in all material respects, the financial position of Aurora Royalties Inc. as at November 30, 2017 and 2016, and its financial performance and its cash flows for the years then ended in accordance with International Financial Reporting Standards.

Emphasis of Matter

Without qualifying our opinion, we draw attention to note 1 of the notes to the financial statements which describes a material uncertainty that may cast significant doubt about Aurora Royalties Inc.'s ability to continue as a going concern.

DNTW Toronto LLP

Chartered Professional Accountants
Licensed Public Accountants

March 16, 2018
Toronto, Ontario

AURORA ROYALTIES INC.

(Formerly Amato Exploration Ltd.)

STATEMENTS OF FINANCIAL POSITION
AS AT NOVEMBER 30, 2017 AND 2016
(EXPRESSED IN CANADIAN DOLLARS)

	Note	2017	2016
ASSETS			
Current Assets			
Cash and cash equivalents	4	$ 365,603	$ 420,770
HST recoverable and prepaid expenses		840	1,218
		$ 366,443	**$ 421,988**
LIABILITIES AND EQUITY			
Current Liabilities			
Accounts payable and accrued liabilities		$ 16,309	$ 12,559
Equity			
Share capital	5	3,676,167	3,676,167
Reserves	9	1,496,834	1,496,834
Deficit	9	(4,822,867)	(4,763,572)
		350,134	409,429
		$ 366,443	**$ 421,988**

APPROVED BY THE BOARD OF DIRECTORS:

Signed: “Rahim Kassam”, Director

Signed: “Tim Earle”, Director

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

AURORA ROYALTIES INC.

(Formerly Amato Exploration Ltd.)

STATEMENTS OF COMPREHENSIVE LOSS

FOR THE YEARS ENDED NOVEMBER 30, 2017 AND 2016

(EXPRESSED IN CANADIAN DOLLARS)

	Note		2017		2016
EXPENSES					
Rent	7	$	24,000	$	24,000
Filing and transfer agent fees			15,432		14,896
Management and consulting fees	7		12,000		12,000
Professional fees			10,000		11,065
Office and general			701		827
			62,133		62,789
OTHER ITEMS					
Interest income			2,838		3,073
NET LOSS AND COMPREHENSIVE LOSS		**$**	**(59,295)**	**$**	**(59,716)**
LOSS PER SHARE – BASIC AND DILUTED		$	-	$	-
WEIGHTED AVERAGE NUMBER OF SHARES OUTSTANDING - BASIC AND DILUTED			40,486,656		40,486,656

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

AURORA ROYALTIES INC.

(Formerly Amato Exploration Ltd.)

STATEMENTS OF CHANGES IN EQUITY
FOR THE YEARS ENDED NOVEMBER 30, 2017 AND 2016
(EXPRESSED IN CANADIAN DOLLARS)

			Reserves				
	Common Shares	Share Capital	Stock Option	Contributed Surplus	Total	Deficit	Total Equity
Balance, December 1, 2015	40,486,656	$ 3,676,167	$ 177,382	$ 1,319,452	$ 1,496,834	$ (4,703,856)	$ 469,145
Expired Stock Options			$ (177,382)	$ 177,382			-
Comprehensive Loss						(59,716)	(59,716)
Balance, November 30, 2016	40,486,656	$ 3,676,167	$ -	$ 1,496,834	$ 1,496,834	$ (4,763,572)	$ 409,429
Comprehensive Loss						(59,295)	(59,295)
Balance, November 30, 2017	40,486,656	$ 3,676,167	$ -	$ 1,496,834	$ 1,496,834	$ (4,822,867)	$ 350,134

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

AURORA ROYALTIES INC.

(Formerly Amato Exploration Ltd.)

STATEMENTS OF CASH FLOWS

FOR THE YEARS ENDED NOVEMBER 30, 2017 and 2016

(EXPRESSED IN CANADIAN DOLLARS)

	2017	2016
CASH FLOWS USED IN OPERATING ACTIVITIES		
Net loss	$ (59,295)	$ (59,716)
Changes in non-cash working capital:		
HST recoverable and prepaid expenses	378	(586)
Accounts payable and accrued liabilities	3,750	(5,200)
	(55,167)	(65,502)
NET DECREASE IN CASH AND CASH EQUIVALENTS	(55,167)	(65,502)
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	420,770	486,272
CASH AND CASH EQUIVALENTS, END OF YEAR	$ 365,603	$ 420,770

SUPPLEMENTAL CASH FLOW INFORMATION	2017	2016
Interest received	2,838	3,073
Income taxes paid	$ -	$ -

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

1. Nature of Operations and Going Concern Uncertainty

Aurora Royalties Inc. ("Aurora" or the "Company") was incorporated as Amato Exploration Ltd. on February 26, 2007, under the laws of the province of British Columbia, Canada, and its principal activity is the acquisition and exploration of mineral properties. The Company's common shares are listed on the NEX Board of the TSX Venture Exchange under the symbol "AUR.H". The head office of the Company is 212 - 73 Richmond Street West, Toronto, Ontario M5H 4E8.

These financial statements have been prepared using accounting policies applicable to a going concern, which contemplates the realization of assets and settlement of liabilities in the normal course of business as they become due. The Company has incurred a loss for the year ended November 30, 2017 of $59,295 (2016 - $59,716) and has an accumulated deficit of $4,822,867 (2016 - $4,763,572). The Company does not currently have an exploration property and is relying on its cash balance to sustain current operations. Management expects that the Company's capital resources will be sufficient for the next fiscal year under current operations. When the Company acquires an exploration property, it is unlikely that its current capital resources would be sufficient and the Company would need to secure additional financing.

The challenges of securing requisite funding beyond November 30, 2017 and the continued estimated operating losses cast significant doubt on the Company's ability to continue as a going concern. The statements do not include any adjustments relating to the recoverability and classification of recorded asset amounts nor to the amounts or classification of liabilities that might be necessary should the Company not be able to continue as a going concern.

2. Basis of Presentation

(a) *Statement of Compliance*

The financial statements of the Company have been prepared in accordance with International Financial Reporting Standards ("IFRS") issued by the International Accounting Standards Board ("IASB") and interpretations of the International Financial Reporting Interpretations Committee ("IFRIC").

The Board approved these financial statements for issuance on March 16, 2018.

(b) *Basis of Preparation*

These financial statements have been prepared on the historical cost basis, except for certain financial instruments which have been measured at fair value. The financial statements are presented in Canadian dollars, which is the Company's functional currency.

2. Basis of Presentation (Continued)

(c) *Use of Accounting Judgments, Estimates and Assumptions*

The preparation of the financial statements requires management to make judgments, estimates and assumptions that affect the reported amounts of assets, liabilities and contingent liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Estimates and assumptions are continuously evaluated and are based on management's experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. Uncertainty about these judgments, estimates and assumptions could result in outcomes that could require a material adjustment to the carrying amount of the asset or liability affected in future periods.

The significant areas of judgment considered by management in preparing the financial statements are as follows:

(i) Going concern

The Company's management has made an assessment of the Company's ability to continue as a going concern and the financial statements continue to be prepared on a going concern basis. However, material uncertainty exists that casts significant doubt upon the Company's ability to continue as a going concern. See note 1.

(ii) Accrued liabilities

Accrued liabilities are recorded based on an estimate of unbilled work performed by the Company's vendors as well as any other payments which the Company will be required to make in relation to the current year's operations. Management makes these estimates based on historical billings and its knowledge of current operations. These estimates will affect the reported amounts of accrued liabilities and general expenses.

(iii) Deferred tax assets

Deferred tax assets are recognized in respect of tax losses and other temporary differences to the extent it is probable that taxable income will be available against which the losses can be utilized. Judgment is required to determine the amount of deferred tax assets that can be recognized based upon the likely timing and level of future taxable income together with future tax planning strategies.

3. Significant Accounting Policies

The significant accounting policies used in the preparation of these financial statements are set out below. These policies have been consistently applied to the years presented.

Functional and Presentation Currency

The Company's functional and presentation currency is the Canadian dollar.

3. Significant Accounting Policies (Continued)

Cash and Cash Equivalents

Cash and cash equivalents consist of cash on hand and short-term investments with remaining maturities of less than three months at the date of acquisition. Cash and cash equivalents include accrued interest on short-term investments.

Financial Instruments

(i) Classification:

Cash equivalents and other current assets are classified as loans and receivables and are measured at amortized cost using the effective interest method.

Accounts payable and accrued liabilities are classified as other liabilities and are measured at amortized cost using the effective interest method.

(ii) Financial instruments at amortized cost:

Financial assets that are managed to collect contractual cash flows on specified dates are classified as subsequently measured at amortized cost using the effective interest method. These financial assets are recognized initially at fair value plus directly attributable transaction costs.

Financial assets at amortized cost are derecognized when the rights to receive cash flows from the asset have expired or the Company has transferred substantially all of the risks and rewards of the asset. The Company assesses at each reporting date whether there is any objective evidence that a financial asset is impaired, the impairment provision is based upon the expected loss.

Financial liabilities, other than those classified as FVTPL are classified as subsequently measured at amortized cost using the effective interest method. These financial liabilities are recognized initially at fair value net of directly attributable transaction costs.

The effective interest method is a method for calculating the amortized cost of a financial asset or financial liability and of allocating the interest income or interest expense over the relevant period.

Provisions

A provision is recognized if, as a result of a past event, the Company has a present legal or constructive obligation that can be estimated reliably and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability. The unwinding of the discount is recognized as a finance cost.

3. Significant Accounting Policies (Continued)

Income Taxes

(i) Current taxes:

Current income tax assets and liabilities for the current and prior periods are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted by the end of the reporting period.

Current tax assets and current tax liabilities are only offset if a legally enforceable right exists to set off the amounts and the intention is to settle on a net basis, or to realize the asset and settle the liability simultaneously. Current income tax relating to items recognized directly in equity is recognized in equity and not through profit or loss.

(ii) Deferred taxes:

Deferred tax is provided using the liability method on temporary differences at the reporting date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes. Deferred tax liabilities are recognized for all taxable temporary differences and deferred tax assets are recognized for all deductible temporary differences, carry-forward of unused tax credits and unused tax losses, to the extent that it is probable that profit will be available against which the deductible temporary difference and the carry forward of unused tax credits and unused tax losses can be utilized.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the year when the asset is realized or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the statements of financial position date. Deferred tax relating to items recognized directly in equity is also recognized in equity and not in the statements of comprehensive loss.

The carrying amount of deferred tax assets is reviewed at each statement of financial position date and reduced to the extent that it is no longer probable that sufficient profit will be available to allow all or part of the deferred tax asset to be utilized. Unrecognized deferred tax assets are reassessed at each statement of financial position date and are recognized to the extent that it has become probable that future profit will allow the deferred tax asset to be recovered. The Company does not record deferred tax assets to the extent that it considers deductible temporary differences, the carry-forward of unused tax credits and unused tax losses cannot be utilized.

3. Significant Accounting Policies (Continued)

Share-based Payments

The Company has a stock option plan. Share-based payments to employees are measured at the fair value of the instruments issued and amortized to expense over the vesting periods. Share-based payments to non-employees are measured at the fair value of goods or services received or the fair value of the equity instruments issued, if it is determined the fair value of the goods or services cannot be reliably measured, and are recorded at the date the goods or services are received. The corresponding amount is recorded to the share-based payment reserve.

The fair value of options is determined using the Black–Scholes Option Pricing Model. The number of options expected to vest is reviewed and adjusted at the end of each reporting period such that the amount recognized for services received as consideration for the equity instruments granted shall be based on the number of equity instruments that eventually vest. Amounts recorded for forfeited or expired unexercised options are transferred to fair value allocation, within reserves, in the year of forfeiture or expiry.

Upon the exercise of stock options, consideration received on the exercise of these equity instruments is recorded as share capital and the related share-based payment reserve is transferred to share capital.

Loss Per Share

Basic earnings (loss) per common share is determined by dividing net profit (loss) attributable to common shareholders by the weighted average number of common shares outstanding during the year.

Diluted earnings (loss) per common share is calculated in accordance with the treasury stock method and based on the weighted average number of common shares and dilutive common share equivalents outstanding.

Changes in Accounting Policies

Effective December 1, 2016, the Company has adopted the following new standards, which were made in accordance with the applicable transitional provisions, for which there were no significant impacts on the Company's financial statements:

(a) IAS 16, *Property, Plant and Equipment* ("IAS 16") and IAS 38, *Intangible Assets* ("IAS 38") and, were amended in May 2015. Amendments to IAS 16 prohibit entities from using a revenue-based depreciation method for items of property, plant and equipment. Amendments to IAS 38 introduce a rebuttable presumption that revenue is not an appropriate basis for amortization of an intangible asset. The amendments apply prospectively for annual periods beginning on or after January 1, 2016.

3. Significant Accounting Policies (Continued)

Changes in Accounting Policies

(b) IFRS 10, *Consolidated Financial Statements* ("IFRS 10") and IAS 28, *Investments in Associates and Joint Ventures* ("IAS 28") - In September 2014, the IASB issued amendments to IFRS 10 and IAS 28, which clarify the use of the equity method to recognize gains or losses on the sale or contribution of an asset between an investor and its associate or joint venture. These amendments are effective for annual periods beginning on or after a date to be determined by the IASB. The Company has early adopted this standard for the year beginning January 1, 2016. There was no impact on the Company's financial statements as a result of applying this standard.

Recent Accounting Pronouncements

The following are IFRS changes that have been issued by the IASB, which may affect the Company, but are not yet effective:

(a) IFRS 15, *Revenue from Contracts with Customers* ("IFRS 15"), was issued in May 2015, which replaced IAS 11, *Construction Contracts*, IAS 18, *Revenue Recognition*, IFRIC 13, *Customer Loyalty Programmes*, IFRIC 15, *Agreements for the Construction of Real Estate*, IFRIC 18, *Transfers of Assets from Customers*, and SIC-31, *Revenue – Barter Transactions Involving Advertising Services*. IFRS 15 provides a single, principles based five step model that will apply to all contracts with customers with limited exceptions, including, but not limited to, leases within the scope of IAS 17; financial instruments and other contractual rights or obligations within the scope of IFRS 9, IFRS 10, *Consolidated Financial Statements* and IFRS 11, *Joint Arrangements*. In addition to the five-step model, the standard specifies how to account for the incremental costs of obtaining a contract and the costs directly related to fulfilling a contract. The incremental costs of obtaining a contract must be recognized as an asset if the entity expects to recover these costs. The standard's requirements will also apply to the recognition and measurement of gains and losses on the sale of some non-financial assets that are not an output of the entity's ordinary activities. IFRS 15 is required for annual periods beginning on or after January 1, 2018. Earlier adoption is permitted.

(b) IFRS 16, *Leases* ("IFRS 16") was issued in January 2016 to improve the accounting for leases, generally by eliminating a lessee's classification of leases and introducing a single lessee accounting model. The most significant effect of the new standard will be the lessee's recognition of the initial present value of unavoidable future lease payments as lease assets and lease liabilities on the statement of financial position. Leases with durations of 12 months or less and leases for low value assets are both exempted. The measurement of the total lease expense over the term of a lease will be unaffected by the new standard. However, the new standard will accelerate lease expense recognition for leases which would be currently accounted for as operating leases. The presentation on the statement comprehensive loss required by the new standard will result in most lease expenses being presented as amortization of lease assets and financing costs arising from lease liabilities rather than as being a part of goods and services purchased. The standard is effective for annual periods beginning on or after January 1, 2019 and will supersede IAS 17 *Leases*.

(EXPRESSED IN CANADIAN DOLLARS)

3. Significant Accounting Policies (Continued)

Recent Accounting Pronouncements (Continued)

(c) IAS 7, *Statement of Cash Flows* ("IAS 7") - In January 2016, the IASB issued amendments to IAS 7 pursuant to which entities will be required to provide enhanced information about changes in their financial liabilities, including changes from cash flows and non-cash changes. The IAS 7 amendments are effective for annual periods beginning on or after January 1, 2017.

(d) IAS 12, *Income Taxes* ("IAS 12") - In January 2016, the IASB issued amendments to IAS 12, which clarify guidance on the recognition of deferred tax assets related to unrealized losses resulting from debt instruments that are measured at their fair value. The IAS 12 amendments are effective for annual periods beginning on or after January 1, 2017.

(e) IFRS 2, *Share-based Payment* ("IFRS 2") - In June 2016, the IASB issued amendments to IFRS 2, which expands upon the guidance for recognizing a liability for cash-settlement of a share-based payment as well as transactions with a net settlement feature for withholding tax obligations. These amendments are effective for annual periods beginning on or after January 1, 2018. Earlier application is permitted.

(f) IFRS 4, *Insurance Contracts* ("IFRS 4") - In September 2016, the IASB issued amendments to IFRS 4, which permits insurers to apply the overlay approach to designated financial assets and to reclassify in specified circumstances some or all of their financial assets so that the assets are measured at fair value through profit or loss. These amendments are effective for periods beginning on or after January 1, 2018. Earlier application is permitted.

(g) Implication of New and Amended Standards to the Company

The Company has not yet begun the process of assessing the impact that the new and amended standards will have on its financial statements or whether to early adopt any of the new requirements.

4. Cash and Cash Equivalents

The components of cash and cash equivalents are as follows:

	2017	2016
Cash	$ 1,158	$ 4,477
Term Deposits	364,445	416,293
	$ 365,603	$ 420,770

(EXPRESSED IN CANADIAN DOLLARS)

5. Share Capital

(a) *Authorized*

Unlimited number of common shares without par value.

(b) *Issued and Outstanding*

As of November 30, 2017 there were 40,486,656 issued and outstanding common shares (2016 – 40,486,656 shares).

(c) *Stock Options*

The Company has adopted an incentive stock option plan which provides that the board of directors of the Company may from time to time, in its discretion, and in accordance with the Exchange requirements, grant to the directors, officers, employees and technical consultants to the Company, non-transferable stock options to purchase common shares, provided that the number of common shares reserved for issuance will not exceed 10% of the Company's issued and outstanding common shares. The board of directors has discretion to the number, vesting period and expiry date of each option award.

During the years ended November 30, 2017 and 2016, the Company recognized total stock-based compensation expense of $Nil.

The following is a summary of the Company's transactions in stock options:

	2017		2016	
	Number of Options	Weighted Average Exercise Price	Number of Options	Weighted Average Exercise Price
Balance – Beginning of year	-	-	2,200,000	$0.11
Granted	-	-	-	-
Expired	-	-	2,200,000	(0.11)
Balance – end of year	-	-	-	-

There are no stock options outstanding as of November 30, 2017 or 2016.

(d) *Basic and Diluted Loss Per Share*

The calculation of basic and diluted loss per share for the year ended November 30, 2017 was based on the loss attributable to common shareholders of $59,295 (2016 - $59,716) and the weighted average number of common shares outstanding of 40,486,656 (2016 - 40,486,656).

(EXPRESSED IN CANADIAN DOLLARS)

5. Share Capital (Continued)

(e) *Maximum Share Dilution*

The following table presents the maximum number of shares that would be outstanding if all outstanding stock options were exercised as at November 30, 2017:

	2017	2016
Common shares outstanding	40,486,656	40,486,656
Stock options outstanding	-	-
Fully diluted common shares outstanding	40,486,656	40,486,656

6. Income Taxes

Current Income Taxes

Reconciliation of the income tax expense to the statutory combined federal and provincial corporate tax rate is as follows:

	2017	2016
Net loss	(59,295)	(59,716)
Statutory tax rate	26.5%	26.5%
Expected tax recovery based on statutory rate	(15,713)	(15,825)
Permanent differences	-	-
Non-capital tax losses carried forward, not recognized	15,713	15,825
Income tax expense	-	-

Deferred Income Taxes

The components of deferred income taxes have been determined at the statutory combined federal and provincial corporate tax rate of 26.5% (2016– 26.5%) and are as follows:

	2017	2016
Non-capital losses	857,539	841,826
Net capital losses	262,160	262,160
Canadian exploration and foreign resource expenditures	49,204	49,204
Equipment	3,199	3,199
Valuation allowance	(1,172,102)	(1,156,388)
	-	-

The Company has non-capital tax losses of approximately $3,177,000 available to be applied against future years' taxable income, which expire between 2027 and 2036.

(EXPRESSED IN CANADIAN DOLLARS)

7. Related Party Transactions

All transactions with related parties have occurred in the normal course of operations. The Company has incurred the following related party transactions:

	2017	2016
Management and Consulting Fees (i)	$ 12,000	$ 12,000
Rent (ii)	24,000	24,000
	$ 36,000	$ 36,000

(i) Management and consulting fees are paid to key management personnel as compensation for their services. These personnel consist of the CEO and the CFO.

(ii) The Company rents its office space from Sheridan Brothers LP on a month-to-month basis. This entity is related to the corporation through common officers and directors.

8. Financial Risk Management

The Company is exposed to financial risks including credit risk, liquidity risk, and market risk. There have been no changes to management's methods for managing these risks since November 30, 2016.

Credit Risk

Credit risk is the risk that one party to a financial instrument will fail to discharge an obligation and cause the other party to incur a financial loss. Maximum exposure to credit risk is $366,026 as of November 30, 2017 (2016 - $421,571), being the carrying value of the Company's cash and cash equivalents and its HST recoverable. The Company's cash and cash equivalents are held in a Canadian chartered bank and the HST recoverable is due from the Government of Canada. Management considers credit risk to be low.

Liquidity Risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they come due. The Company's total financial obligations as of November 30, 2017 are $16,309 (2016 - $12,559), and its total cash available to pay these obligations are $365,603 (2016 - $420,770). All of the Company's financial obligations as of November 30, 2017 are due within one year and all of the Company's assets are expected to be realized within one year. Management expects that its liquid assets will be sufficient to fund its ongoing obligations as they come due.

In the event that the Company does not believe it has sufficient liquidity to meet its future obligations, the board will consider securing additional funds through equity, debt or other financing activities as deemed appropriate. The board approves the Company's annual operating and capital budgets as well as any material transactions outside the ordinary course of business. There is no assurance that financing would be available or, if available, on terms and conditions that are acceptable to the Company.

(EXPRESSED IN CANADIAN DOLLARS)

8. Financial Risk Management (Continued)

Market Risk

Market risk is the risk that the fair value of, or future cash flows from, the Company's financial instruments will significantly fluctuate due to changes in market prices.

Interest Rate Risk

Interest rate risk is the risk that changes in interest rates would impact the Company's future cash flows. The Company does not currently have any interest-bearing debt and the interest earned on its cash balances is minimal. As such, the Company is not exposed to significant interest rate risk.

Commodity Price Risk

As a mineral exploration company, future profitability will be exposed to commodity price risk. The Company closely monitors commodity prices to determine the appropriate course of action to be taken by the Company with respect to property investment decisions. The Company does not currently hedge against commodity price risk due to the small scale nature of its operations.

Sensitivity Analysis

Management does not believe there would be any material movements in the fair value of the Company's financial instruments as a result of changes in foreign exchange rates, interest rates, or commodity prices. Accordingly, a sensitivity analysis of market rates has not been presented.

9. Capital Management

The Company includes the following in its managed capital:

	2017	2016
Share capital	$ 3,676,167	$ 3,676,167
Reserves	1,496,834	1,496,834
Deficit	(4,822,867)	(4,763,572)
	$ 350,134	$ 409,429

The Company's policy is to maintain a strong capital base so as to maintain investor and creditor confidence and to sustain future development of the business. The Company manages its capital structure and makes adjustments to it based on economic conditions and the risk characteristics of the underlying assets in order to support acquisition and exploration of mineral properties. The Company, upon approval from its board of directors, will balance its overall capital structure through new share or debt issuances or by undertaking other activities as deemed appropriate under specific circumstances.

9. Capital Management (Continued)

The Company expects that its current capital resources will be sufficient to support its existing administrative and operational costs up to November 30, 2017. Upon completion of a successful negotiation of a new property acquisition, management will determine if additional equity financing is required to meet the Company's financial commitments going forward. The Company will continue to assess new properties and seek to acquire interests in additional properties if it feels there is sufficient geological or economic potential and if it has adequate financial resources to do so.
There were no changes in the Company's approach to capital management during the year. The Company is not subject to any externally imposed capital requirements.

10. Segmented Information

Operating segments

The Company operates in a single reportable operating segment, being the acquisition, exploration and evaluation of resource properties.

Geographic segments

The Company has one geographic segments, being Canada. All present operations, assets, and revenues are in Canada.

11. Subsequent Events

On February 6, 2018, the Company granted 2,500,000 stock options to its directors. The options have an exercise price of $0.06 per share and expire on February 6, 2023.

On February 15, 2018, the Company amended its articles of incorporation with the Province of British Columbia to change its name from Amato Exploration Ltd. to Aurora Royalties Inc.