AURANIA

AURANIA RESOURCES LTD.

MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

For the Year Ended December 31, 2016

(***Expressed in Canadian Dollars)***

The following Management's Discussion and Analysis ("MD&A") is management's review of the financial condition and results of operations for the year ended December 31, 2016 (the "Reporting Period") of Aurania Resources Ltd., (" Aurania" or the "Company"). This MD&A is prepared as at April 25, 2017 unless otherwise indicated and should be read in conjunction with the consolidated financial statements (audited) for the year ended December 31, 2016 ("Annual Financial Statements") and the notes related thereto which have been prepared in accordance with International Financial Reporting Standards ("IFRS"). All monies are expressed in Canadian dollars unless otherwise indicated. Additional information relevant to the activities of the Company has been filed electronically through the System for Electronic Document Analysis and Retrieval ("SEDAR") – www.sedar.com. The Company's common shares ("Common Shares") are traded on the TSX Venture Exchange ("TSXV") under the symbol "ARU".

MANAGEMENT'S RESPONSIBILITIES FOR FINANCIAL REPORTING AND CONTROLS

The Annual Financial Statements and MD&A ("2016 Financial Report") have been prepared by Aurania's management ("Management") in accordance with IFRS and have been approved by the Company's board of directors (the "Board"). The integrity and objectivity of this 2016 Financial Report is the responsibility of Management. In addition, Management is responsible for ensuring that the information contained in this MD&A is consistent where appropriate, with the information contained in the Annual Financial Statements. In support of this responsibility, the Company maintains internal and administrative controls to provide reasonable assurance that the financial information is relevant, reliable and accurate and that the Company's assets are properly accounted for and adequately safeguarded. The 2016 Financial Report may contain certain amounts based on estimates and judgments. Management has determined such amounts on a reasonable basis to ensure that the 2016 Financial Report is presented fairly in all material respects. The Board is responsible for ensuring that Management fulfills its responsibilities for financial reporting and internal control. The Board carries out this responsibility principally through its Audit Committee ("AC"). The members of the AC are appointed by the Board and have sufficient financial expertise to assume this role with the Company. None of the AC members are involved in the Company's daily operations and are therefore independent by definition.

CAUTIONARY NOTE

This MD&A contains "forward-looking information" under applicable Canadian securities legislation. Except for statements of historical fact relating to the Company, information contained herein constitutes forward-looking information, including any information as to the Company's strategy, plans or future financial or operating performance. Forward-looking statements are characterized by words such as "plan," "expect", "budget", "target", "project", "intend", "believe", "anticipate", "estimate" and other similar words, or statements that certain events or conditions "may" or "will" occur. Forward-looking statements are based on the opinions, assumptions and estimates of Management considered reasonable at the date the statements are made, and are inherently subject to a variety of risks and uncertainties and other known and unknown factors that could cause actual events or results to differ materially from those projected in the forward-looking information. These factors include the Company's expectations in connection with the expected exploration on its projects, potential development and expansion plans on the Company's projects, the impact of general business and economic conditions, global liquidity, inflation, inability to raise additional funds as may be required through debt or equity markets, fluctuating metal prices (such as gold, copper, silver and uranium), currency exchange rates (such as the Canadian Dollar and the Swiss Franc versus the United States Dollar), possible variations in ore grade or recovery rates, changes in accounting policies, changes in mineral resources and mineral reserves, risks related to non-core mine disposition, risks related to acquisitions, changes in project parameters as plans continue to be refined, changes in project development and commissioning time frames, the possibility of project cost overruns or unanticipated costs and expenses, higher prices for fuel, power, labour and other consumables contributing to higher costs and general risks of the mining industry, failure of plant, equipment or processes to operate as anticipated, unexpected changes in mine life, unanticipated results of

future studies, seasonality and unanticipated weather changes, costs and timing of the development of new deposits, if any, success of exploration activities, permitting time lines, local communities opposition, government regulation and the risk of government expropriation of mining operations, environmental risks, unanticipated reclamation expenses, title disputes or claims, limitations on insurance coverage and timing and possible outcome of labour disputes and/or shortages, as well as those risk factors discussed or referred to herein. Although the Company has attempted to identify important factors that could cause actual actions, events or results to differ materially from those described in forward-looking information, there may be other factors that cause actions, events or results not to be anticipated, estimated or intended. There can be no assurance that forward-looking information will prove to be accurate, as actual results and future events could differ materially from those anticipated in such statements. The Company undertakes no obligation to update forward-looking statements if circumstances or Management's estimates, assumptions or opinions should change, except as required by applicable law. The reader is cautioned not to place undue reliance on forward-looking information. The forward-looking information contained herein is presented for the purpose of assisting investors in understanding the Company's expected financial and operational performance and results as at and for the periods ended on the dates presented in the Company's plans and objectives and may not be appropriate for other purposes.

1.1 REPORT DATED April 25, 2017

1.2 BACKGROUND

The Company

Aurania Resources Ltd. was incorporated under the laws of Bermuda on June 26, 2007 pursuant to the provisions of *The Companies Act 1981* (Bermuda). On February 18, 2011, the Company registered extra-provincially in the Province of Ontario.

On February 23, 2016 the Board of Directors announced the change of the Company's trading symbol from "AOZ" to "ARU".

Directors, Officers and Management
Keith Barron - Chief Executive Officer, President, Chairman of the Board and Director
Donna McLean - Chief Financial Officer and Corporate Secretary
Jean Paul Pallier - Chief Geologist
Elaine Ellingham - Director
Gerald Harper - Director
Marvin Kaiser - Director
Richard Spencer - Director

Advisors
Stefan Ansermet
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Email: info@aurania.com Website: www.aurania.com

Registered Office:
31 Victoria Street, Hamilton, HM 10, Bermuda

Nature of Operations and Company Focus
Aurania Resources Ltd. (the "Company") is a junior exploration mining company engaged in the identification, evaluation, acquisition and exploration of mineral property interests, with a focus on precious metals.

Management's current focus is completing the acquisition of an Ecuadorian private company, EcuaSolidus S.A. ("ESA") that holds exploration permits in the Cordillera de Cutucu, Ecuador (the "Transaction"). On April 20, 2017, the Company completed a $6.4 million financing which will be used to complete the purchase ESA and provide funding for planned exploration – see *Exploration Update*.

1.3 OVERVIEW

LOOKING BACK

2016 STRATEGY AND OBJECTIVES

- Increase the focus on identifying and evaluating opportunities to acquire additional mineral exploration projects that would attract investors, with a focus on precious metals
- Await the issuance of new exploration permits in Switzerland
- Look for ways to conserve cash
- Raise additional funds during the year to finance corporate and exploration expenditures

2016 RESULTS

- Aurania is in the final stage of securing the rights to explore a grassroots opportunity for gold and copper in Ecuador – (the "Lost Cities – Cutucu Project" or the "Project") - *see Exploration Update*
- The Swiss Mining Law is still under revision – Management is assuming the "freeze" status of its exploration permits is still in effect
- Management continues to conserve cash and operate on a 'care-and-maintenance' budget
- On April 20, 2017, the Company closed a $6,400,000 equity financing (the "Offering") – *see Capital Resources*. The funds will be held in escrow until certain escrow release conditions are met including disinterested shareholder and TSX-V Exchange approvals

LOOKING FORWARD

2017 STRATEGY AND OBJECTIVES

- Complete the acquisition of ESA (the "Transaction") -- On May 26, 2017, the Company will ask shareholders to approve the Transaction and the Offering. The Offering will be used to acquire ESA, implement a Phase I exploration programme on the Lost Cities – Cutucu Project, repay certain related party loans and promissory note debt and for working capital to meet the Company's ongoing corporate and administrative costs
- Management is still awaiting the issuance of new five-year exploration permits in Switzerland. Management will weigh the merits of continuing exploration in Switzerland once the new permits have been issued
- Strengthen the depth of the Board and Management, to meet the technical and infrastructure demands that a new project generates

[Note on March 6, 2017, the Company announced the appointment of Richard Spencer, PhD as director. Richard is a professional geologist who lived in Ecuador for 10 years, leading exploration teams that made the grassroots discovery of the San Carlos, Mirador and Panantza porphyries that contain an estimated 24 billion pounds of copper and 3 million ounces of gold In the Cordillera del Condor that lies adjacent to the Lost Cities – Cutucu Project]

2017 CHALLENGES IN ACHIEVING OBJECTIVES

- The acquisition and financing are subject to certain escrow release conditions, including final shareholder and regulatory approvals
- The Lost Cities – Cutucu Project is grassroots exploration. Minimal prior exploration has been conducted in the Project area and therefore minimal technical data is available. There is, however, historical evidence that gold mining occurred in the Project area in Spanish colonial times
- ESA owns the rights, title and interest in and to forty-two (42) mineral exploration licences, totaling 207,764 hectares in the Cordillera de Cutucu (the "Area of Interest"), located in the Province of Morona-Santiago in southeastern Ecuador – this is a large land package that requires significant exploration

1.4 OVERALL PERFORMANCE – Financial position, operating results and cash flows

Financial Position

Fiscal 2016 was a year of planning, due diligence, and preparation. The Company incurred a net loss of $518,299 (2015 – $444,149) bringing the Company's accumulated losses to $6,813,699 (December 31, 2015 - $6,312,232). This trend will continue until the Company achieves positive cash flow.

During the year ended December 31, 2016, Dr. Keith Barron, director and President and CEO of the Company, (the "Lender") continued to advance funds to the Company, for working capital and exploration expenditures. At year-end, the Company owed the Lender $380,740 directly and $162,100, indirectly, through a service Company. *See Related Party Transactions.*

On July 11, 2016, the Company announced that it had granted stock options ("Options") to certain officers and directors. The Options are exercisable for an aggregate of 415,000 common shares, at an exercise price of $0.60 per common share, for a period of five years from the date of grant. The Options vest as to one-third (⅓) on the date of grant, one-third (⅓) on the first anniversary of the date of grant and one-third (⅓) on the second anniversary of the date of grant. On July 13, 2016, 80,000 common shares that were previously granted to a consultant expired. To date, a total of 2,165,000 stock options are outstanding with exercise prices ranging from $0.40 to $0.60 per common share. Management believes that the granting of stock options provides an additional performance incentive to its employees, officers, directors and consultants and may be a viable source of providing capital to the Company treasury. However, there is no guarantee that any stock options will be exercised in the future.

Operating Results

During the year ended December 31, 2016:

- The technical team was occupied with evaluating the Lost Cities – Cutucu Project.
- The Mining Law in Switzerland was and continues to be under revision by the Canton Authority. Once the changed law comes into effect, the Canton Authority should be in a position to issue new five-year permits for the Company's Swiss exploration projects. At that time, Management will re-evaluate the feasibility of further advancing exploration in that jurisdiction.
- The Company recorded $76,191 of exploration expenditures; $62,660 was spent on consulting fees and travel and supply costs for the Company's Chief Geologist to perform his due diligence on the Lost Cities – Cutucu Project. The balance of $13,531 was spent on geology consulting fees, travel costs, and Canton fees and taxes to maintain the Swiss properties in good standing. The stock-based compensation expense of

$123,683 was the fair market value assigned to the 415,000 stock options granted in July 2016, using the standard Black Scholes method. *See Stock-based Compensation*

- A renegotiated services contract resulted in lower rent and other administrative costs, however staffing and accessibility to services remained constant.

During the year ended December 31, 2015:

- the technical team was occupied with a) corresponding with the Swiss Canton Geologist regarding the status of Aurania's permits and b) reviewing and assessing the technical merits of potential (new) project opportunities.
- the Company recorded $34,312 of exploration expenditures for geology consulting fees and costs associated with renewing our Swiss permits and the evaluation of potential new projects. $24,038 of share-based compensation expense was recorded for vesting options granted in 2013.
- The Company paid a higher percentage of the service costs during this period under an earlier agreement.

Cash Flows

During the year ended December 31, 2016, the sole source of financing was short-term related party loans from the Lender. During the same period in the prior year, Management used the remaining 2013 IPO proceeds to meet its financial obligations and then commenced borrowing from the Lender.

Subsequent to year-end, the Company completed the Offering (with brokered and non-brokered subscriptions) with the issuance of 3,390,000 Subscription Receipts, for gross proceeds of $6,401,780. The Offering proceeds have been earmarked for acquiring ESA, implementing Phase 1 exploration programme on the Lost Cities – Cutucu Project, repayment of related party debt and general working capital. *See Capital Resources.*

1.5 SELECTED PERIOD FINANCIAL RESULTS

Financial Position as at	**December 31, 2016**	December 31,2015	December 31,2014
Cash	**$3,942**	$7,753	$211,340
Total assets	**$6,454**	$9,823	$214,197
Total liabilities	**$641,351**	$250,104	$34,367
Shareholders' equity (deficiency)	**$(634,897)**	$(240,281)	$179,830
Deficit	**$(6,813,699)**	$(6,312,232)	$(5,950,556)
Statement of Loss	**Year ended December 31, 2016**	Year ended December 31, 2015	Year ended December 31, 2014
Expenses other than exploration and stock-based compensation expense ("G&A")	**$312,917**	$385,908	$410,544
Exploration expenses	**$76,191**	$34,312	$75,414
Stock-based compensation expense	**$123,683**	$24,038	$138,825
Total operating expenses	**$512,791**	$444,258	$624,783
Other (income) expenses: **Interest (income)** **Loss on foreign exchange**	 **$-** **$5,508**	 $(119) $10	 $(2,363) $215
Loss for the period	**$518,299**	$444,149	$622,635

Cash Flow Activities	Year ended December 31, 2016	Year ended December 31, 2015	Year ended December 31, 2014
Operating	**$(222,451)**	$(365,687)	$(681,146)
Financing	**$218,640**	$162,100	$-
(Decrease) in cash during the year	**$(3,811)**	$(203,587)	$(681,146)

1.6 OPERATIONS REVIEW

A. EXPLORATION UPDATE

ECUADOR

On March 2, 2017, Aurania announced that the Company had entered into a definitive purchase and sale agreement (the "Agreement") to acquire ESA, a company incorporated under the laws of the Republic of Ecuador, from Dr. Keith Barron (the "Vendor"), President and CEO of Aurania.

ESA owns the rights, title and interest in and to forty-two (42) mineral exploration licences ("Patentes"), located in the Province of Morona-Santiago in south eastern Ecuador. The Lost Cities - Cutucu Project is subject to a two percent (2%) net smelter returns royalty on metal production, and a two percent (2%) net sales return royalty on non-metallic products, held by the Vendor.

The Lost Cities - Cutucu Project

The Lost Cities - Cutucu Project consists of forty-two (42) Patentes totaling 207,764 hectares (~2,080 square kilometres) that covers the core of the Cordillera de Cutucu, a mountain range in the foothills of the Andes, within the Province of Morona-Santiago in south eastern Ecuador.

Historic Spanish literature, including reports of gold production, point to the Cordillera de Cutucu as the location of two famous gold mining areas that operated in the 16th and 17th Centuries: *Sevilla del Oro* and *Logroño de los Caballeros*. The exact locations of these historical gold mining centres within the jungle have been lost over time. Each of these centres is reported to have had a "Caja Real" or outpost of the Royal Treasury to ensure that the King of Spain received the "Quinto" or Royal Fifth production royalty. Extensive research by professional archivists in Spain, the Vatican and Ecuador, commissioned by ESA, revealed more than a hundred supporting historical documents relating to gold mining at *Logroño de los Caballeros* and *Sevilla del Oro*. There is strong evidence that indicates that these gold mining centres may be located within the Project area.

Today, the only mining in the Cordillera de Cutucu is in artisanal sluicing and hand-panning operations that wash gold from river gravels. The project area is largely unexplored by modern exploration techniques. It has been subjected only to regional geological mapping by oil companies and government institutions – with the key finding being that the rock formations that host the Fruta del Norte epithermal gold deposit that has a measured and indicated resource of 7.4 million ounces (Moz) (at a grade of 9.6g/t gold contained in 24 million tonnes of mineralized rock), and the Nambija skarn gold deposit in the adjacent Cordillera del Condor, extend into the core of the Lost Cities - Cutucu Project.

An exploration program is planned, consisting of airborne geophysics and a regional stream silt sampling program with reconnaissance geological work across the large, 2,080 square kilometre property. While the regional geochemical program is underway, any anomalous stream silt or rock geochemistry sample results will be prioritized for concurrent ground follow up with the goal of identifying drill targets as soon as possible.

More information on the Lost Cities - Cutucu Project can be viewed at www.aurania.com.

SWITZERLAND

Since 2008, the Company, through its wholly-owned subsidiary AuroVallis SARL ("AVS"), has been maintaining a 100% interest in three exploration permits in Switzerland in the Canton of Valais (the "Canton") subject to a 3% gross value royalty payable to the Canton and a 0.75% gross value royalty payable to the surface rights holders, described as follows:

a) *Mont Chemin Project (gold-silver)*
On July 11, 2008, the Company was granted a five-year exploration permit known as the "Perimetre de Tête-des Éconduits – Mont Chemin *Permis de fouille"* by a government department of the Canton.

b) *Siviez Project (uranium-copper-gold-silver)*
On June 24, 2009, the Company was granted a five-year exploration permit known as the "Siviez-Plan du Fou – Col. des Mines *Permis de fouille"* by a government department of the Canton.

c) *Marécottes Project (uranium)*
On July 11, 2008, the Company was granted a five-year exploration permit known as the "Perimetre de la Creusaz (Marécottes) Balaye (Finhaut) *Permis de fouille"* by a government department of the Canton.

Historically, the Company has expended a total of $2,751,854 for geology, drilling, and administrative costs on these properties. This amount includes $13,531 expended in 2016, for costs related to maintaining the permits in good standing.

Permit Status

In 2015, after Aurania applied for new five-year exploration permits, the Canton Authority (the "Ministry") confirmed the following**:**

- the Swiss Mining Law (the "ML") under which the above-noted permits were originally issued, was mandated to be revised;
- the Ministry was prepared to issue new permits once the new ML comes into effect;
- the original financial requirements of the permits were too high in comparison to international standards and the Ministry was open to discussion of revised terms; and
- the Ministry had accepted the Company's request to "freeze" the permits until the end of 2015 in order that the Ministry could work on revising the ML; and
- the Ministry accepted the Company's proposal, in principle, to reduce the area to be explored, going forward.

In 2016 and in 2017 to date, the Company has not been informed of any change in the status of the ML revision, therefore Management believes the ML is still being revised and that the "freeze" status on the Company's permits is still in effect.

Once the ML is finalized, the Company will be better positioned to re-evaluate the feasibility of advancing exploration on these properties.

B. FINANCIAL PERFORMANCE

At December 31, 2016, the Company had cash of $3,942 to settle trade and related party payables of $260,611 and a related party promissory note of $380,740 (At December 31, 2015, $7,753 to settle trade and related party payables of $88,004 and a related party promissory note of $162,100). This net cash position at year-end was insufficient to meet the annual operating costs of the Company.

Since May 2015, the Company has been reliant on short-term related party loans to meet the Company's ongoing costs - *see Capital Resources*.

Expenses in fiscal 2016 were lower than those incurred in fiscal 2015, primarily due to:

- bank charges were $403 lower (20%) due to reduced corporate activity
- insurance expense was $638 lower (9%) due to changing carriers
- investor relations expense was lower by $8,046 (23%) as a result of a renegotiated monthly service cost (decreased $5,000 monthly from $15,800 to $10,800) with the related party provider. *(Service costs are incurred for rental space, website and other social media maintenance costs, administrative fees and fees for investor relations and shareholder communications services*
- office and general costs decreased by 50% ($71,958) principally because of the lower monthly service cost and some savings were realized with less operating activity during the year; the Company's last Annual and General Meeting of Security holders was held in 2015 which accounts for higher costs in 2015 in this category
- regulatory and transfer agent fees were lower by $2,444 (6%) due to less trading related activity and no costs related to conducting an AGM

Expenses higher in 2016 than those incurred in fiscal 2015 included:

- professional and administrative fees were $9,644 higher (31%) primarily for legal fees incurred for the preparation and due diligence related to the impending Transaction and Offering
- exploration expenditures were $41,879 higher (122%) due to the project evaluation undertaken by our Chief Geologist, of the Lost Cities – Cutucu Project
- Stock-based compensation of $123,683 relates to the value assigned the stock options granted in 2016 whereas the $24,038 stock-based compensation expense recorded in 2015 relates to the vesting of 2013 stock options.

Management and directors' fees remained constant year-over-year.

SUMMARY OF QUARTERLY RESULTS

Quarters Ended	Net Revenue ($)	Net Loss ($)	Loss per Share ($)
December 31, 2016	-	163,073	0.007
September 30, 2016	-	185,481	0.008
June 30, 2016	-	83,785	0.004
March 31, 2016	-	85,960	0.004

December 31, 2015	5	92,384	0.005
September 30, 2015	-	113,953	0.005
June 30, 2015	-	95,349	0.004
March 31, 2015	114	142,463	0.006

The net loss for Q4 2016 was $163,073 or 77% higher than the $92,034 recorded in Q4 2015. This increase was primarily due to:

- $42,245 of stock based compensation expense was the value assigned for the period, for the 2016 vesting options expense whereas 100% of the stock based compensation expense for the 2013 stock options was fully amortized in a prior period
- $16,134 was recorded for foreign exchange loss as a result of year end reconciling compared to $28 for the same Q4 2015
- $62,660 of project evaluation expense was incurred to evaluate the Lost Cities – Cutucu Project compared to $21,500 of project evaluation expense being recorded in Q4 2015 for the new project evaluation expense and $6,000 permit maintenance costs being recorded while Management awaited the issuance of new 5 year permits for it projects in Switzerland

The increase for Q4 2016, year-over-year was partially offset by:

- regulatory and transfer agents' fees and other G&A costs of approximately $8,500 were incurred for the 2015 Annual and General Meeting of shareholders; and
- a savings of $15,000 for reduced monthly service costs

Certain Q4 expenses were constant year-over-year, and these included: management and directors' fees, bank service charges, insurance expense and investor relations expenses which totalled $43,223 (2015 - $42,393).

1.8 LIQUIDITY

As an exploration company, the Company manages its capital structure and makes adjustments to it, based on the funds needed in order to support the acquisition, exploration and development of mineral properties. Management does this in light of changes in economic conditions and the risk characteristics of the underlying assets. As the Company has no producing assets, the Company remains illiquid and continued operations are dependent upon its ability to raise additional financing through issuance of equity, debt or by the disposition of assets.

The Company's liquid assets at December 31, 2016 consisted primarily of cash of $3,942 ($7,753 at December 31, 2015). All of the Company's cash is held on deposit in accredited Canadian and Swiss banks, in denominations of Canadian Dollars and Swiss Francs.

Going forward, the Company will rely on the net proceeds of the completed $6.4 Million equity financing to fund project costs and ongoing corporate costs. *See Capital Resources.*

1.9 CAPITAL RESOURCES

The business of mining and exploration involves a high degree of risk. Aurania's continued existence is dependent upon the discovery of economically recoverable resources, securing and maintaining title and beneficial interest in the Properties, the ability to obtain the necessary financing to complete exploration, obtaining certain government approvals, attaining profitable production or profitable disposition of assets.

The Company is not subject to externally imposed capital requirements by a lending institution or regulatory body, other than those of the TSX Venture Exchange ("TSXV"), which requires adequate working capital or financial resources of the greater of (i) $50,000 and (ii) an amount required in order to maintain operations and cover general and administrative expenses for a period of twelve months. At December 31, 2016, the Company had a working capital shortfall of $634,897 (December 31, 2015 - $240,281) which was insufficient to meet the Company's projected expenses for the ensuing twelve months and settle the outstanding related party short-term debt. At April 20, 2017 this is not the case.

Acquisition, Financing, Debt and Loan Repayments

On March 2, 2017, Aurania announced that it had entered into a definitive Agreement to acquire ESA from Dr. Keith Barron. (the "Vendor"). Terms of the Agreement include:

a) A cash payment of $500,000 shall be made to the Vendor;
b) The issuance of 1,000,000 fully paid and non-assessable newly issued common shares of the Company to the Vendor;
c) The settlement by the Company, of all the outstanding debt owed by the Company to the Vendor, or its affiliate or affiliates by issuing common shares of the Company to the Vendor or as he may so direct, at a price of $2.00 per common share, in an aggregate amount not to exceed $750,000 (the "Debt Settlement").

Concurrent with the Transaction but not forming a part of it, includes the following:

a) A further cash payment of $1,000,000 USD to the Vendor, for the repayment of a loan, made by the Vendor to ESA, for the purpose of the payment of annual concession fees totaling $1,924,000 USD. These costs were required to be paid by the concession holder, prior to March 31, 2017.
b) A two percent (2%) net smelter returns royalty on metal production, and a two percent (2%) net sales return royalty on non-metallic products, will be held by the Vendor.

On April 20, 2017, and as a condition of closing the Transaction, Aurania completed an equity financing, brokered and non-brokered, by issuing 3,200,890 subscription receipts of Aurania (the "**Subscription Receipts**") at a price of C$2.00 per Subscription Receipt (the "**Issue Price**") for total gross proceeds of C$6,401,780 (collectively, the "**Offering**"). The Offering is subject to payments for agents' commissions and legal expenses. The net proceeds of the Offering will be used to fund the Transaction, to advance exploration on the Lost Cities – Cutucu Project, to make loan repayments and for working capital.

100% of the gross proceeds from the Offering (the "**Escrowed Funds**") will be held in escrow on the Closing Date. The Escrowed Funds shall be released from escrow by the escrow agent to the Company, upon the agents' sole satisfaction of certain escrow release conditions, including all shareholder and regulatory approvals. The Company has scheduled an Annual General and Special Meeting of Securityholders on or about May 26, 2017, for this purpose. If the escrow release conditions are not satisfied on or before May 31, 2017, the Escrowed Funds, together with accrued interest earned, if any, will be returned to the holders of the Subscription Receipts and the Subscription Receipts will be cancelled.

Once released from escrow, each Subscription Receipt shall be exchangeable for one unit of the Company (a "**Unit**"). Each Unit of the Company will consist of one common share of Aurania ("**Share**") and one-half of one common share purchase warrant ("**Warrant**"). Each whole Warrant shall entitle the holder thereof to acquire one common share at a price of C$3.00 (the "**Exercise Price**") for a period of 18 months following the Closing Date. If the volume weighted

average trading price of the Company's Shares on the Company's principal stock exchange exceeds C$3.00 for a period of 20 consecutive trading days, the Company may accelerate the expiry date to the date which is 30 days following the date upon which notice of the accelerated expiry date of the Warrants is provided by the Company to the holders of the Warrants. The Subscription Receipts and underlying securities are subject to a resale restriction of four months and one day after closing.

In connection with the brokered offering, the Company will pay to Maison Placements Canada Inc. and Red Cloud Klondike Strike Inc. (collectively the "Agents") a cash commission of $237,300 upon satisfaction of certain escrow release conditions, equal to 7% of the aggregate gross proceeds of the brokered offering. In addition, the Company will reimburse the Agents for their reasonable expenses and disbursements and issued 118,650 compensation options ("Compensation Options") to the Agents equal to 7% of the number of Subscription Receipts sold to subscribers pursuant to the brokered offering. Each Compensation Option is exercisable into one Unit at a price of $2.00 for a period of 18 months following the closing date of the Offering. Each Unit consists of one common share of the Company and one-half of one common share purchase warrant ("Compensation Warrant"). Each whole compensation Warrant entitles the holder thereof to acquire one common share (a "Warrant Share") at a price of $3.00 until October 19, 2018. If the volume weighted average trading price of the Company's common shares on the Company's principal stock exchange exceeds $3.00 for a period of 20 consecutive trading days, the Company may accelerate the expiry date to the date which is 30 days following the date upon which notice of the accelerated expiry date of the Compensation Warrants is provided by the Company to the holders of the Compensation Warrants.

In connection with the non-brokered offering, the Company will pay a cash commission of $51,100 to Sprott Global Resource Investments, Ltd. (the "Finder") equal to 7% of the aggregate gross proceeds raised by the Finder pursuant to the Non-Brokered Offering, and 25,550 Compensation Options equal to 7% of the number of Subscription Receipts sold to subscribers by the Finder in connection with the Non-Brokered Offering. The Subscription Receipts and underlying securities are subject to a hold period until August 20, 2017.

The securities described herein have not been and will not be registered under the United States Securities Act of 1933, as amended, (the "U.S. Securities Act") or applicable state securities laws, and may not be offered or sold in the United States or to U.S. Persons (as defined in the U.S. Securities Act) without registration, or exemption from registration, under such laws.

Share Capital and Stock-based Compensation

a) Authorized share capital at December 31, 2016 and 2015 is 1,000,000,000 common shares with a par value of $0.00001 per share. All shares issued are fully paid.

b) Issued and outstanding common shares at December 31, 2016 and 2015 - 22,759,735.

c) During the year ended December 31, 2015, there were no share issuances.

d) During the year ended December 31, 2016, there were no new share issuances however on April 17, 2016, the remaining 2,112,754 common shares held in escrow, were released.

e) Stock-based compensation:

The Company maintains a stock option plan (the "Plan") for the benefit of directors, officers, employees and consultants. The maximum number of common shares reserved for issuance with respect to the Plan cannot exceed 10% of the issued and outstanding common shares of the Company at the date of grant. Stock options generally vest 1/3 annually.

(i) On July 13, 2016, the Company granted 415,000 stock options to directors and officers. Each option is exercisable to acquire one common share at a price of $0.60. These options expire on July 13, 2021, and vest as follows: 1/3 on the grant date, 1/3 on July 13, 2017 and the remaining 1/3 on July 13, 2018. A total value of $218,232 has been assigned to the options using the Black-Scholes option pricing model using the following assumptions: expected forfeiture rate of 0%, expected dividend yield of 0%, expected volatility of 137%, a risk-free interest rate of 0.65% and an expected life of 5 years. During year end December 31, 2016, $123,683 was expensed in relation to the vesting of options.

(ii) On July 13, 2016, a total of 80,000 stock options previously granted to a consultant, expired. The value of $16,832 was reclassified to accumulated deficit.

(iii) During the year ended December 31, 2015, $24,038 was expensed in relation to the vesting of options granted in 2013.

(iv) On May 13, 2015, 30,000 stock options expired. The value of $8,973 was reclassified to accumulated deficit.

(v) On April 11, 2015, 350,000 broker warrants expired, unexercised. The value of $73,500 was reclassified to accumulated deficit.

(vi) The following summarizes the stock options activity during the years ended December 31, 2016 and 2015:

	Number of Options	Weighted Average Exercise Price	Estimated Fair Value at Grant Date
Balance - December 31, 2014	**2,210,000**	**$0.40**	**$620,489**
Expired	(380,000)	$0.40	$(82,473)
Balance - December 31, 2015	**1,830,000**	**$0.40**	**$538,016**
Issued	415,000	$0.60	$218,232
Expired	(80,000)	$(0.40)	$(16,832)
Balance - December 31, 2016	**2,165,000**	**$0.44**	**$739,416**

(vii The following summarizes the stock options outstanding at December 31, 2016:

Number of Options Granted	Exercisable Number of Options	Exercise Price	Expiry Date	Estimated Fair Value at Grant Date
1,750,000	1,750,000	$0.40	April 11, 2018	$521,184
415,000	138,333	$0.60	July 13, 2021	$218,232
2,165,000	**1,888,333**			**739,416**

The weighted average contractual life remaining for stock options as at December 31, 2016 is 1.9 years (2015 – 2.2 years). The above stock options were not included in the computation of diluted net loss per share for the periods presented as they are anti-dilutive.

Operating Activities

For the three months and year ended December 31, 2016, the Company incurred a net loss of $163,073 and $518,299 (2015 -$92,384 and $444,149) respectively. Ignoring the stock option expense of $123,683, for the year ended December 31, 2016, the Company spent approximately $36,383 monthly on: management and directors' fees (27%), public company costs (35%), rent and other G&A costs (21%) and exploration expenditures (17%). Management has little control over most of these costs except for exploration expenditures which should increase significantly once the acquisition is completed and the exploration programme commences. *See Pending Acquisition and Financing.*

Financing Activities

Since May 2015, Management has been and continues to be reliant on related party loans to meet the ongoing corporate and exploration expenses of the Company. During the year ended December 31, 2016, $218,640 (2015 - $162,100) was advanced for this purpose. During the same period in 2015, Management initially relied on drawing down on the balance of the 2013 IPO funding and then received $162,100 in short-term loan advances over the balance of the fiscal year. *See Related Party Transactions*.

1.10 OFF BALANCE SHEET ARRANGEMENTS

The Company currently has no off-balance sheet arrangements or obligations other than exploration commitments and certain obligations associated with the Transaction.

1.11 RELATED PARTY TRANSACTIONS

Related parties include the Board of Directors, close family members and enterprises that are controlled by these individuals as well as certain persons performing similar functions. The Company entered into the following transactions with related parties during the year ended December 31, 2016:

(i) a total of $60,000 (2015 - $60,000), plus applicable taxes was charged to the Company by a company controlled by the CFO on account of management consulting fees. Included in trade and other payables at December 31, 2016 is $5,650 (December 31, 2015 - $11,300) owing to this company for unpaid consulting fees. These amounts are unsecured, non-interest bearing and due on demand.

(ii) a total of $60,000 (2015 - $60,000) was recorded for directors' fees. Included in trade and other payables at December 31, 2016 is $30,000 (December 31, 2015 - $15,000) owing to directors for unpaid directors' fees. These amounts are unsecured, non-interest bearing and due on demand.

(iii) the Company incurred $129,600 of service costs, provided by Geosource Exploration Ltd. ("Geosource"), a company controlled by the Chairman and President. These costs were approved by the Board of Directors under an agreement (and its amendment), in effect since January 1, 2013 *(see Commitments and contingencies).* These costs were allocated in the consolidated financial statements as follows: $68,400 to office and general (including $60,000 rent), $10,800 to investor relations, $24,000 to operations in Switzerland and $26,400 to professional and administration fees. Included in trade and other payables at December 31, 2016 is $163,122 (December 31, 2015 - $33,522) owing to Geosource for these unpaid costs. These amounts are unsecured, non-interest -bearing and due on demand.

During the year ended December 31, 2015, the Company incurred $176,400 of service costs that were provided by Geosource. These costs were allocated in the consolidated financial statements as follows: $134,900 to office and general (including rent of $94,200), $22,400 to investor relations and $8,000 to professional and administration fees and $11,100 to management and directors' fees.

(iv) a company controlled by a director and principal shareholder provided $218,640 (2015 - $162,100) of short-term advances to the Company in the form of a grid promissory note (*see Related Party and Commitments and contingencies*).

(v) Key Management Compensation

In accordance with IAS 24, key management personnel are those having authority and responsibility for planning, directing and controlling the activities of the Company directly or indirectly, including any directors (executive and nonexecutive) of the Company.

The remuneration of key management and directors of the Company (net of applicable taxes) was as follows:

For the years ended December 31,	**2016**	2015
Management fees	**$60,000**	$60,000
Directors' fees	**60,000**	60,000
Stock-based compensation	**123,683**	19,917
	$243,683	$139,917

1.12 PROPOSED TRANSACTIONS

See Exploration Update and Acquisition, Financing and Debt and Loan Repayments.

1.13 CHANGES IN ACCOUNTING POLICIES AND NEW ACCOUNTING STANDARDS AND INTERPRETATIONS

Changes in Accounting Policies

During 2016, the Company adopted a number of new IFRS standards, interpretations, amendments and improvements of existing standards. These included IAS 1. These new standards and changes did not have any material impact on the Company's financial statements.

The following revised standards and amendments, unless otherwise stated, are effective on or after January 1, 2017, and have not been applied in preparing these consolidated financial statements. Some are not applicable or do not have a significant impact to the Company and have been excluded. Management has not yet considered the potential impact of their adoption and does not plan to adopt these standards early.

IFRS 9 - Financial Instruments ("IFRS 9") was issued by the IASB in November 2009 with additions in October 2010 and May 2013 and will replace IAS 39 Financial Instruments: Recognition and Measurement ("IAS 39"). IFRS 9 uses a single approach to determine whether a financial asset is measured at amortized cost or fair value, replacing the multiple rules in IAS 39. The approach in IFRS 9 is based on how an entity manages its financial instruments in the context of its business model and the contractual cash flow characteristics of the financial assets. Most of the requirements in IAS 39 for classification and measurement of financial liabilities were carried forward unchanged to IFRS 9, except that an entity choosing to measure a financial liability at fair value will present the portion of any

change in its fair value due to changes in the entity's own credit risk in other comprehensive income, rather than within profit or loss. The new standard also requires a single impairment method to be used, replacing the multiple impairment methods in IAS 39. IFRS 9 is effective for annual periods beginning on or after January 1, 2018. Earlier adoption is permitted.

IFRS 16 – Leases ("IFRS 16") was issued in January 2016 and replaces IAS 17 – Leases as well as some lease related interpretations. With certain exceptions for leases under twelve months in length or for assets of low value, IFRS 16 states that upon lease commencement a lessee recognizes a right-of-use asset and a lease liability. The right-of-use asset is initially measured at the amount of the liability plus any initial direct costs. After lease commencement, the lessee shall measure the right-of-use asset at cost less accumulated depreciation and accumulated impairment. A lessee shall either apply IFRS 16 with full retrospective effect or alternatively not restate comparative information but recognize the cumulative effect of initially applying IFRS 16 as an adjustment to opening equity at the date of initial application. IFRS 16 requires that lessors classify each lease as an operating lease or a finance lease. A lease is classified as a finance lease if it transfers substantially all the risks and rewards incidental to ownership of an underlying asset. Otherwise it is an operating lease. IFRS 16 is effective for annual periods beginning on or after January 1, 2019. Earlier adoption is permitted if IFRS 15 has also been applied.

IAS 7 – Statement of Cash Flows ("IAS 7") was amended in January 2016 to clarify that disclosures shall be provided that enable users of financial statements to evaluate changes in liabilities arising from financing activities. The amendments are effective for annual periods beginning on or after January 1, 2017.

IFRIC 22 – Foreign Currency Transactions and Advance Consideration ("IFRIC 22") was issued in December 2016 and addresses foreign currency transactions or parts of transactions where there is consideration that is denominated in a foreign currency; a prepaid asset or deferred income liability is recognised in respect of that consideration, in advance of the recognition of the related asset, expense or income; and the prepaid asset or deferred income liability is non-monetary. The interpretation committee concluded that the date of the transaction, for purposes of determining the exchange rate, is the date of initial recognition of the non-monetary prepaid asset or deferred income liability. IFRIC 22 is effective for annual periods beginning on or after January 1, 2018. Earlier adoption is permitted.

1.14 RISKS AND UNCERTAINTIES

An investment in the common shares of the Company is speculative in nature and involves a high degree of risk.

Exploration, Development and Operating Risk

Mineral exploration involves many risks, which even a combination of experience, knowledge and careful evaluation may not be able to overcome. Operations in which the Company has a direct or indirect interest will be subject to all the hazards and risks o normally associated with exploration and development, any of which could result in work stoppages, damage to the property, and possible environmental damage. None of the properties in which Aurania has an interest has a known body of commercial ore. Mining involves a high degree of risk and few properties that are explored are ultimately developed into producing mines. There is no assurance that any of Aurania's mineral exploration and development activities will result in discoveries of commercially viable bodies of ore. In addition, although Switzerland is one of the least risky countries in the world for doing business, exploring in a foreign jurisdiction subjects non-Swiss exploration companies to additional risks including potential political change, arbitrary changes in law or policies, inability or delays in getting government permits, limitations on foreign ownership and other risks not specified here. Foreign currency fluctuations may also adversely affect the Company's financial position and operating results.

Management of Aurania attempts to mitigate all the risks associated with exploration and mining and minimize their effect on the Company's financial performance, but there is no guarantee that the Company will be profitable in the future and the Company's Common Shares should be considered speculative.

Title
Property title may be subject to unregistered prior agreements and non-compliance with regulatory requirements.

Although the Company has taken steps to verify title to the properties on which it is conducting exploration, in accordance with industry standards for the current stage of exploration of such properties, these procedures do not guarantee the title to the permitted properties.

Environmental Matters
The Company's mining and exploration activities are subject to various federal, cantonal and international laws and regulations governing the protection of the environment. These laws and regulations are continually changing and generally becoming more restrictive.

The Company believes its operations are materially in compliance with all applicable laws and regulations. The Company has arranged for the deposit of a substantial guarantee to ensure adequate funding to meet any future expenditure to comply with such laws and regulations. How much the Company will pay and when the Company will pay such expenditures is undetermined.

Foreign Country Risk
The property interests are located outside of Canada and are subject to the risk of foreign investment, including increases in taxes and royalties, renegotiation of permits and currency exchange fluctuations.

The Company mitigates foreign country risk by keeping apprised of Switzerland's economic and political climate and by relying on certain advisors, including technical and financial consultants to inform Management of any proposed change to the laws and regulations that could significantly impact the financial results of the Company.

Financial Instruments

Fair Value
IFRS requires that the Company disclose information about the fair value of its financial assets and liabilities. The Carrying amounts of cash equivalents, receivables, trade and other accounts payable and promissory note on the statements of financial position approximate fair value because of the limited term of these instruments.

Fair value estimates are made by the Company at the date of the statement of financial position based on relevant market information and information about the financial instrument. These estimates are subjective in nature and involve uncertainties in significant matters of judgment and therefore cannot be determined with precision.

Financial risk
The Company's activities expose it to a variety of financial risks: credit risk, liquidity risk and market risk (including interest rate, foreign exchange rate, and commodity price risk).

In general, risk management is carried out by the Company's management team with guidance from the Audit Committee under policies approved by the Board of Directors. The Board of Directors also provides regular guidance for overall risk management.

There have been no changes in the risks, objectives, policies and procedures during the years ended December 31, 2016 and 2015.

(a) Credit risk

Credit risk is the risk of an unexpected loss if a third party to a financial instrument fails to meet its contractual obligations. The Company's credit risk is primarily attributable to cash and receivables.

The Company has no significant concentration of credit risk arising from its operations. Cash is held at select reputable Canadian and Swiss financial institutions, from which management believes the risk of loss to be remote.

(b) Liquidity risk

Liquidity risk arises through an excess of financial obligations over financial assets at any point in time.

The Company's approach to managing liquidity risk is to maintain sufficient readily available cash to continue operations and meet its financial obligations as they become due. Although the Company has no significant financial obligations, Management recognizes that to meet its ongoing overhead expenses, and to advance the projects going forward the Company will have to raise adequate financing in the market, most likely through debt mechanisms or by the disposition of assets and that may result in taking on greater financial obligations and potentially increased liquidity risk.

(c) Market risk

Market risk is the risk that changes in market prices, such as fluctuations in foreign exchange rates and interest rates that will affect the Company's net earnings or the value of its financial instruments.

(i) Interest rate risk

Excess cash is deposited in highly-accessible and low-interest bank accounts that are used for short-term working capital requirements.

The Company regularly monitors compliance to its cash management policy and is satisfied with the credit worthiness of its financial institutions.

(ii) Foreign currency risk

Certain of the Company's expenses are incurred in Swiss francs ("CHF") and United States Dollars ("USD") and are therefore subject to gains or losses due to fluctuations in these currencies.

Management believes that the foreign exchange risk derived from currency conversions is best served by not formally hedging its foreign exchange risk. However, the Company maintains bank accounts in foreign currency denominations in order to meets its trade payable obligations on a timely basis and with minimal foreign exchange risk.

At December 31, 2016 and 2015, the Company's exposure to foreign currency risk with respect to amounts denominated in CHF and USD, was substantially as follows**:**

	December 31,	
In Canadian $ equivalents	**2016**	2015
Cash	**$3,108**	$5,868
Trade and other accounts payable	**$(40,340)**	$(6,288)
Net exposure	**$(37,232)**	$(420)

Exposure to foreign currency risk with respect to amounts denominated in other foreign currencies at these dates was immaterial.

(d) Commodity price risk

Commodity price risk is defined as the potential adverse future impact on earnings and economic value due to commodity price movements and volatilities. Commodity price risk could adversely affect the Company.

In particular, the Company's future profitability and viability of development depends upon the world market price of gold, uranium and other metals. Commodity prices have fluctuated significantly in recent years. There is no assurance that, even as saleable metals may be produced in the future, a profitable market will exist for them. At December 31, 2016 and 2015, the Company was not a metals commodity producer. Commodity price risk may affect the completion of future equity transactions such as equity offerings and the exercise of stock options and warrants.

1.15 COMMITMENTS AND CONTINGENCIES

Environmental Contingencies

The Company's exploration activities are subject to various federal, cantonal and international laws and regulations governing the protection of the environment. These laws and regulations are continually changing and generally becoming more restrictive. The Company conducts its operations so as to protect public health and the environment and believes its operations are materially in compliance with all applicable laws and regulations.

Service Costs and Consulting Agreements

Geosource provides investor relations, administrative and IT services to the Company at a monthly cost of $10,800. This agreement may be terminated by the Company with 90 days' written notice provided to Geosource of the Company's intention to terminate the agreement.

The Company's CFO and Chief Geologist continue to provide services pursuant to 2013 consulting agreements. Accordingly, the CFO is remunerated at the rate of $60,000 per annum (plus applicable taxes) and the Chief Geologist is contracted on an 'as needed' basis and incurs fees at a rate of CHF 545 (Cdn$719) per diem. Early termination of the contracts requires 90 days' written notice by the party terminating the agreement therein.

1.16 QUALIFIED PERSON

The foregoing and technical information contained herein has been prepared or reviewed by Aurania's Chief Geologist, Jean-Paul Pallier, a designated EurGeol by the European Federation of Geologists and 'Qualified Person' for the purpose of National Instrument 43-101, Standards of Disclosure for Mineral Projects of the Canadian Securities Administrators.

1.17 SHARE DATA

As at	Common Shares	Stock Options	Fully Diluted
December 31, 2015	22,759,735	1,830,000	24,589,735
December 31, 2016 and April 13, 2017	22,759,735	2,165,000 [(1)(2)]	24,924,735

[(1)] 80,000 stock options expired in July 2016
[(2)] 415,000 stock options granted in July 2016