AURANIA RESOURCES LTD.

MANAGEMENT'S DISCUSSION AND ANALYSIS OF
FINANCIAL CONDITION AND RESULTS OF OPERATIONS
For the Six Months Ended June 30, 2017
(Expressed in Canadian Dollars unless otherwise indicated)

The following Management's Discussion and Analysis ("MD&A") is Management's review of the financial condition and results of operations for the six months ended June 30, 2017 (the "Reporting Period") of Aurania Resources Ltd. ("Aurania" or the "Company"). This MD&A is prepared as at August 28, 2017 unless otherwise indicated and should be read in conjunction with the condensed consolidated interim financial statements for the six months ended June 30, 2017, (the "Interim Financial Statements") and the annual consolidated audited financial statements 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 Interim Financial Statements 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 these Interim Financial Statements are the responsibility of Management. In addition, Management is responsible for ensuring that the information contained in the MD&A is consistent where appropriate, with the information contained in the Interim 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 Interim Financial Statements may contain certain amounts based on estimates and judgments. Management has determined such amounts on a reasonable basis to ensure that the Interim Financial Statements are 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. The majority of the AC members are not involved in the Company's daily operations.

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, 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 AUGUST 28, 2017

1.2 BACKGROUND

The Company

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

Directors, Officers and Management

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

New Corporate Office:

Suite 1050, 36 Toronto St.
Toronto, Ontario Canada M5C 2C5
Tel: (416) 367-3200; Fax: (416) 367-3205
Email: info@aurania.com; Website: www.aurania.com

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

Nature of Operations and Company Focus

Aurania is a junior exploration mining company engaged in the identification, evaluation, acquisition, and exploration of mineral property interests, with a focus on precious metals.

1.3 OVERVIEW

RECENT COMPANY HIGHLIGHTS

Corporate:

- The Company delivered on its objective to acquire additional highly prospective exploration projects, with the acquisition of EcuaSolidus S.A., ("ESA")(the "Transaction"), which received shareholder approval on May 26th, ESA holds the Lost Cities – Cutucu Project consisting of 42 mineral concessions covering 2,080 square kilometres in Ecuador, that Management believes holds excellent potential for the discovery of significant gold and/or copper deposits;
- A $6,400,000 equity financing (the "Offering") was successfully completed to finance the acquisition, ongoing G&A, and the first phase of exploration;
- Dr. Richard Spencer, a veteran exploration geologist with experience in Ecuador and in senior management roles, was appointed President on May 29th. *See Press Release dated May 29, 2017 –* www.sedar.com*;*
- $750,000 debt was settled through the conversion, into 375,000 common shares of the Company ("Common Shares") valued at $2.00 per share;
- A contract was signed for an airborne geophysics survey to be undertaken over the newly acquired, 2,080 square kilometre Lost Cities – Cutucu Project. The heliborne survey, which commenced August 3rd, will measure magnetic and radiometric signatures, a method that has proven to be very effective in identifying porphyry centres in the Cordillera del Condor that lies along trend immediately adjacent to the Project. *See Project Update*
- Three field teams have been trained and have been deployed to commence stream sediment sampling in the southwestern part of the Project area.
- The Company held its Annual and Special Meeting of Shareholders ("ASM") May 26, 2017, at which time shareholders approved all Resolutions, including the acquisition of EcuaSolidus S.A., the election of directors, the Company's 2011 Stock Option Plan was ratified and a restricted Stock Unit Incentive Plan was adopted.

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

Financial Position

At June 30, 2017, the Company had $3,331,984 cash on hand largely as a result of a successful equity raise completed in May 2017. These funds will be used to pay corporate costs and exploration expenses of the Project. A large percentage of the cash will be used to pay for the heliborne geophysics survey. *See Project Update*. Prepaid expenses were higher than those of the same period at December 31, 2016 primarily due to the lodgment of several deposits for new office space in both Ecuador and Toronto and additional insurance premiums for increased coverage to support increased activity levels. New property, plant and equipment costs relate to the acquisition of computer and office equipment for the Quito office. Trade and other payables are short-term and non-interest bearing.

In December 2016, ESA made application to Ecuador's Mining Ministry to be the registered holder of the mineral concessions for the Lost Cities - Cutucu Project. Fees totalled approximately $9.36 USD per hectare and were due not later than March 31, 2017. The Vendor agreed to loan $2,000,000 USD (the "Mineral Concession Loan") to ESA, in order to meet this financial obligation by the deadline. Accordingly as part of the Transaction terms, ESA and Aurania committed to a loan arrangement whereby half would be repaid out of the Offering proceeds, on closing. The second half of the Mineral Concession loan is interest-bearing at 2% per annum and due no later than April 19, 2018. The remaining liability of $1,000,000 USD is recorded in Promissory notes in the statements of financial position. Common shares, warrants and Broker Compensation Options were issued pursuant to the private placement Offering thus increasing shareholders' equity by $2,398,767 (December 31, 2016 – deficiency of $634,897) *See Capital Resources.*

ACQUISITION OF ECUASOLIDUS, S.A

On May 26, 2017, the Company acquired all of the issued and outstanding shares of ESA (the "Transaction") pursuant to an Agreement of Purchase and Sale (the "Agreement" form Dr. Keith Barron, Chairman and CEO and significant shareholder of the Company (the "Vendor").

The transaction did not constitute a business combination as ESA did not meet the definition of a business. As a result, the transaction was accounted for as an asset acquisition at the fair value of the consideration given.

The purchase price consideration paid and the net assets acquired by the Company were as follows:

Consideration paid	
Cash	**$500,000**
1,000,000 common shares	**1,765,542**
Transaction costs	**203,769**
	$2,469,311

<u>Identifiable assets and liabilities assumed</u>

Equipment	**$4,840**
Sundry receivables and prepaid expenses	**22,048**
Trade payables and accrued liabilities	**(165,967)**
Promissory notes	**(2,902,793)**
Fair value of net liabilities assumed	**$(3,041,872)**

The deficiency of the fair value of the net assets of ESA over the purchase price, in the amount of $5,511,183 was recognized in the statement of loss in the three months ended June 30, 2017.

As a condition of the closing of the Transaction, the Company agreed to settle certain 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 deemed 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 cash payment of USD $1,000,000 to the Vendor, for the repayment of a loan, made by the Vendor to ESA, for the purpose of the payment of annual mineral concession fees totaling USD $2,000,000. These costs were required to be paid by the concession holder, prior to March 31, 2017.

A two percent (2%) net smelter return royalty on metal production, and a two percent (2%) net sales return royalty on non-metallic products, will be held by the Vendor.

Operating Results

During the first six months of 2017, the Company was focused on:

Corporate Activities

- Completing a Purchase and Sale Agreement with the Vendor, for the acquisition of ESA
- Working with agents to attract investment in the Company pursuant to the Offering
- Engagement of a professional consultant to design and implement a corporate social responsibility campaign in order to meet with indigenous communities, prior to commencing exploration and
- Meeting with government officials with the intent of transparency and collaboration

Technical Activities

- Procurement of a Landsat imagery study to identify: the interplay between faults and folds, sedimentary facies changes as well as the location of intrusive stocks;
- Planning for and engaging a geophysics company to perform an airborne magnetic and radiometric survey and
- Planning for and recruiting staff and equipment to carry out a regional stream sediment sampling campaign once the Corporate Social Responsibility ("CSR") team obtains permission to enter the target regions.

The Company incurred a net loss of $6,136,610 (2016 – $169,745) bringing the Company's accumulated losses to $12,950,309 (December 31, 2016 - $6,813,699). Stock option expense of $151,087 (2016 - $nil) pertains to $54,291 for 2016 vesting options and $96,796 for vesting options granted in May 2017 to a new officer/director.

Management and directors' fees increased to $125,892 with the addition of one new director and the hiring of a new President. Additionally the board authorized a bonus of $25,000 for our CFO in recognition of the heightened demands made on her particularly recently during the Transaction and Offering period. Regulatory, transfer, and professional and administrative fees were all significantly higher in 2017 due to the extra costs required for filing fees etc. associated with the acquisition of ESA and the equity financing. Legal fees and agents' commissions, and other expenses relating to the Offering have been captured in share issue costs. Legal costs, filing fees and other expenses directly attributable to the Transaction are recorded in 'Costs Associated with acquisition of EcuaSolidus, S.A.', on the statement of loss. This item also includes $500,000 cash and the issuance of 1,000,000 common shares to the Vendor as consideration for the shares purchase of ESA.

Cash Flows

During the six months ended June 30, 2017 and 2016, the Company derived its revenue from related party loans from the Lender and the net proceeds of the Offering. Also during the period, the issued and outstanding shares of the Company increased from 22,759,735 to 27,335,625 as shares were issued pursuant to a private placement for the Offering, for the acquisition of ESA and for debt settlement. The Company also assumed a $2,000,000

USD loan upon completion of the Transaction. These funds were used to pay mineral concession fees due in Ecuador prior to the closing of the Transaction. As per the Transaction terms, 50% of the loan was repaid out of proceeds of the Offering.

1.5 SELECTED PERIOD FINANCIAL RESULTS

Financial Position as at	June 30, 2017	December 31,2016
Cash	**$3,331,984**	$3,942
Total assets	**$3,451,110**	$6,454
Total liabilities	**$1,691,748**	$641,351
Shareholders' equity (deficiency)	**$1,764,068**	$(634,897)
Deficit	**$(12,950,309)**	$(6,813,699)
Statement of Loss	**Three months ended June 30, 2017**	Three months ended June 30, 2016
Exploration expenses	**$129,393**	$5,863
General overhead expenses	**$299,892**	$81,522
Stock-based compensation expense	**$124,182**	$-
Total expenses before other items	**$553,467**	$87,385
Other (income) expenses: Transaction costs (Gain) loss on foreign exchange Interest expense	 **$5,511,183** **$(117,985)** **$2,422**	 $- $(3,600) $-
Loss for the period	**$5,949,606**	$83,785
Statement of Loss	**Six months ended June 30, 2017**	Six months ended June 30, 2016
Exploration expenses	**$195,897**	$12,079
General overhead expenses	**$394,007**	$160,728
Stock-based compensation expense	**$151,087**	$-
Total expenses	**$740,991**	$172,807
Other (income) expenses: Transaction costs (Gain) loss on foreign exchange Interest expense	 **$5,511,183** **($117,466)** **2,422**	 $- $- $-
Loss for the period	**$6,136,610**	$169,745
Cash Flow Activities	**Six months ended June 30, 2017**	Six months ended June 30, 2016
Operating	**$(617,178)**	$(126,109)
Financing	**$4,669,904**	$128,190
Investing	**$(724,684)**	$-
Increase in cash during the period	**$3,328,042**	$2,081

1.6 OPERATIONS REVIEW

A. EXPLORATION UPDATE

Land tenure & permits

Titles to the 42 mineral concessions that constitute the 207,764 hectare Lost Cities – Cutucu Project area in Ecuador, were granted on December 27 and 28, 2016 and are valid for 25 years, renewable for a subsequent 25 years, so long as the concessions are maintained in good standing. The exploration phase of the mineral concessions is for an initial four years, during which time annual concession fees must be paid to the State and exploration expenditures of US$5 per hectare must be met in years one and two, and US$10 per hectare in years 3 and 4. Hence, there is a strong incentive to reduce the size of the concession package through efficient exploration. Concession fees of $2,563,292 were paid for the first year on March 31, 2017.

An environmental impact report ("Informe de Factibilidad Ambiental") was accepted by the Mining Authorities, allowing the Company to undertake exploration activities for the initial four-year term of the 42 concessions. An application for a permit to establish helipads for access into some of the more remote parts of the Project is underway and is expected to be processed by the Authorities in Q3, 2017. The only other environmental permit required in the exploration phase is for the cutting of drill pads when drill targets have been selected.

Geophysical Survey

A heliborne magnetic and radiometric survey of approximately 12,296km to cover the full Project area commenced on August 3rd by Ontario-based MPX Geophysics Ltd. As of the date of this MD&A, approximately 30% of the survey has been completed and it is anticipated to be finished by mid-October. The survey is designed to identify two principal mineral target-types:

- Epithermal gold targets that, by analogy with deposits in the adjacent Cordillera del Condor, are associated with pull-apart basins developed along north-trending fault zones. Magnetic data from the geophysics program is likely to identify breaks associated with such fault zones, as well as the magnetic cores of intrusive stocks that are typically located near epithermal deposits. Clay alteration associated with epithermal deposits is magnetite-destructive and should therefore, appear is as an area of anomalously low magnetism. Some epithermal-related clays contain potassium that may be evident in radiometric data. A typical epithermal target would therefore ideally appear as a magnetic low along a north-trending fault or in a pull-apart basin identified from magnetic data and interpretation of satellite imagery, with a coincident, elevated potassium radiometric signature with an adjacent magnetic high indicative of an intrusive stock; and
- Porphyry copper-gold and copper deposits that, by analogy with deposits in the Cordillera del Condor, have mineralized cores that contain magnetite and biotite and/or potassium feldspar. The magnetic cores are typically 0.8km – 1.5km in diameter and the 400m flight-line spacing being flown in the geophysical survey was designed to ensure that smaller porphyry would be detected by at least two flight-lines. A typical porphyry target would be defined by a strong, roughly circular magnetic anomaly with a coincident potassic radiometric signature. Instances in which a porphyry system is more completely preserved due to shallower erosion, magnetite-destructive clay alteration may be preserved over the top of the mineralized and magnetic core. This scenario would ideally result in a central magnetic core enclosed by a weakly magnetic ring, coincident with elevated potassium radiometric signature.

Exploration

Three field teams have been trained and have been deployed to commence stream sediment sampling in the southwestern part of the Project area. Coverage of the entire concession area is expected to take up to two years. Additional teams are being selected to start detailed work on targets as they are identified by either data from historic records, satellite imagery interpretation, geophysics, stream sediment sampling, or a combination of these data sets.

Corporate Social Responsibility Program

The Company has engaged a professional CSR consultant to provide services, including but not limited to:

- advising the Company on Global CSR standards in the mining sector; and
- assisting the Company:
  - to assess social and business risks and opportunities with respect to CSR
  - to develop a CSR Strategic Framework ("CSF")
  - to execute of the strategies and policies defined in the CSF; and
  - to engage community stakeholders in order to build alliances with key constituency groups.

Further information on the Lost Cities-Cutucu Project, including a NI 43-101 compliant Technical Report, can be viewed at www.aurania.com.

Expenditures

During the six months ended June 30, 2017, the Company recorded exploration expenses for the Project, totaling $195,897 (2016 - $12,079), as follows:

a) $74,202 for technical consulting fees, and studies, b) $97,990 for the fees and expenses of a consultant engaged to design and implement a concurrent CSR program and $23,705 for travel expenses and supplies for staff and consultants traveling domestically to our field office in Maccas and internationally to and from home countries.

SWITZERLAND

The Company, through its wholly-owned subsidiary AVS, has been maintaining a 100% interest in three exploration permits (the "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.

Permit Status

In 2015, the Company made formal application to obtain new five-year Permits and were advised that the Canton Authority (the "Ministry") intended to revise the Swiss Mining Law (the "ML") prior to issuing new permits. The applications were deemed legally "frozen", therefore Management believes all rights, title and interest under the Permits, have been preserved.

During the six months ended June 30, 2017, a total of $5,911 was charged to the Projects for Permit maintenance, intercompany and property costs. For the same period in 2016, a total of $12,079 was charged for the same category of expenses.

To June 30, 2017, Management is unaware of any change in the status of the Permits.

B. FINANCIAL PERFORMANCE

At June 30, 2017, the Company had cash of $3,331,984 and trade and other payables of $201,592 and promissory notes of $1,490,154 ($3,942 of cash and $260,611 of payables and $380,740 of promissory notes at December 31, 2016). Cash is held in an interest-bearing account in Canada and will be used to fund the current Phase 1 exploration programme in Ecuador and the ongoing corporate costs in Canada and Ecuador. Prior to completing the recent Offering, the Company was reliant on short-term related party loans - *see Capital Resources.*

Expenditures for the six months ended June 30, 2017 and 2016, year-over-year, were higher primarily due to:

- Increased exploration activity associated with the acquisition of ESA and entitlement to the mineral concessions ($189,986 compared to $12,079 in 2016); also included in this higher expense is the recruitment of additional staff and the start-up of a field office for the CSR and technical staff;

- The stock-based compensation expense of $151,087 (2016 - $nil) relates to the stock option expense recognized in the reporting period for vested options; the stock options included in the valuation were granted after Q2 2016 so no similar expense was recorded in the same period, in the prior year.

- Professional fees in this period included legal fees and other consulting fees incurred in relation to the Transaction and Offering; in particular the Company relied on local counsel to navigate the application and registration system in Ecuador for entitlement to the mineral concessions. This is a new system and the advice and process rendered to the Company by them proved invaluable;

- Regulatory and transfer agent fees were higher ($52,929 vs. $18,995) year-over-year, primarily due to the filing fees incurred in both countries required by several regulatory bodies and increased trading activity.

- Investor relations and travel expenses of $81,786 were significantly higher than the $13,219 expended in the same period in the prior year. Expanded marketing efforts with an increased focus on social media resulted in higher expenditures in this area. *Note: we invite our readers to view 6 videos created to provide historical background to our Lost Cities – Cutucu Project and you may follow the Company on: (addresses of Facebook etc.).*

- Higher management and directors fees were discussed in the Operations Results section above.

1.7 SUMMARY OF QUARTERLY RESULTS

Quarters Ended	Net Revenue ($)	Net Loss ($)	Loss per Share ($)
June 30, 2017	-	5,949,606	0.24
March 31, 2017	-	187,005	0.01
December 31, 2016	-	163,073	0.01
September 30, 2016	-	185,481	0.01
June 30, 2016	-	83,785	0.00
March 31, 2016	-	85,960	0.00
December 31, 2015	5	92,384	0.01
September 30, 2015	-	113,953	0.01

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, continued operations are dependent upon its ability to raise additional financing through issuance of equity, debt or by the disposition of assets.

On April 19, 2017, Aurania completed the Offering with the issuance of 3,200,890 units ("Units") at a price of $2.00 per Unit for total gross proceeds of $6,401,780 (collectively, the "Offering"). The net proceeds of the Offering were $5,772,877 (the "Net Proceeds") after payments were made to broker and other agents' commissions, legal expenses for professional opinions provided by counsel for the Company, the Vendor and the Agents, regulatory filing and transfer agent fees. Further, out of the Net Proceeds, a cash payment of $500,000 was paid to the Vendor for the purchase of ESA shares and $1,351,180 was paid to the Vendor as a partial payment of the Mineral Concessions Loan. The remaining available cash has been earmarked for exploration o on the Lost Cities – Cutucu Project, and for corporate costs, and working capital. Several instalment payments have been made for the heliborne geophysics survey. Cash on hand at August 28, 2017 is $2,357,000.

All of the Company's cash is held on deposit, earning interest where applicable, in accredited Canadian, Ecuadorian and Swiss banks, in denominations of Canadian and US dollars and CHF.

1.9 CAPITAL RESOURCES AND CAPITALIZATION

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, obtaining certain government approvals, maintaining concession interest in the properties and the ability to obtain the necessary financing to achieve exploration success.

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").

Working capital will fluctuate as the Company advances its exploration programme in Ecuador. Budgets for the increased activity have already been augmented to satisfy the additional costs such activity will generate. Management has used best practise to estimate such new costs however any significant unforeseen costs may result in Management having to raise additional funds sooner than anticipated, in order to finance expanded corporate and exploration costs.

Operating Activities

During the six months ended June 30, 2017, the Company reported a use of funds for operations of $617,178 (2016 - $126,109). The activity generated by a public financing, acquiring ESA which holds mineral concessions for the right to explore in Ecuador and the commencement of the exploration programme at the Lost Cities – Cutucu Project all contributed to the significant year-over-year increase in use of funds during this period. Specific areas of expenditures are discussed more fully above in the Financial Performance section. Stock-option expense of $151,087 is the estimated fair value of vested stock options granted previously in July 2016 and new options granted in May 2017 to our President. Both grants were made by the board of directors in order to attract, incentivize and include personnel in the upside potential of the Company, as beneficial stakeholders.

Financing Activities

From May 2015 to May 2017, the Company relied on related party loans to meet the ongoing corporate and exploration expenses of the Company. During the six months ended June 30, 2017, $4,669,904 (2016 - $128,190) was derived from the Offering, and from promissory note advances. The repayment of promissory notes of $1,407,014 included the repayment of half the loan used to pay the annual mineral concession fees. *See Related Party Transactions*.

Investing Activities

The acquisition of ESA and funding cash calls to ESA resulted in using a total of $724,915 cash] during the period.

ISSUED AND OUTSTANDING SHARES at June 30, 2017 and 2016:

	Common Shares #	Share Capital $	Share Premium $
Balance – June 30, and December 31, 2016	**22,759,735**	**229**	**5,485,705**
Shares issued for private placements	3,200,890	34	6,401,746
Less share issue costs	-	-	(532,834)
Shares issued for acquisition	1,000,000	10	1,765,532
Shares issued for debt settlement	375,000	2	749,998
Warrants issued for private placements	-	-	(750,476)
Broker warrants compensation	-	-	(91,123)
Stock-based compensation *(note 9)*	-	-	-
Net loss for the period	-	-	-
Balance – June 30, 2017	**27,335,625**	**273**	**13,028,550**

WARRANTS ISSUED AND OUTSTANDING at June 30, 2017 and 2016:

	Number of Warrants	Weighted Average Exercise Price	Estimated Fair Value
Balance – June 30, and December 31, 2016	-	-	-
Issued pursuant to Offering	1,600,445	$3.00	$750,476
Issued to agents	144,200	$3.00	91,123
Balance – June 30, 2017	**1,719,095**	**$3.00**	**$841,599**

The following summarizes the outstanding warrants for the six months ended June 30, 2017:

Number of Warrants Outstanding	Exercise Price	Expiry Date
1,719,095	**$3.00**	**October 19, 2018**

STOCK OPTIONS GRANTED AND OUTSTANDING at June 30, 2017 and 2016:

	Number of Options	Weighted Average Exercise Price	Estimated Fair Value at Grant/Issue Date
Balance - December 31, 2016	**2,165,000**	**$0.44**	**$739,417**
Issued	150,000	**$2.30**	256,242
Balance - June 30, 2017	**2,315,000**	**$0.56**	**$995,659**

Issued Number of Options	Exercisable Number of Options	Exercise Price	Expiry Date	Estimated Fair Value at Grant/Issue Date
1,750,000	1,750,000	$0.40	April 11, 2018	$521,184
415,000	138,333	$0.60	July 13, 2021	$218,233
150,000	50,000	$2.30	May 26, 2022	$256,242
2,315,000	**1,938,333**			**$995,659**

During the six months ended June 30, 2017:

(i) A total of $30,000 (2016 - $30,000), plus applicable taxes was charged to the Company by the CFO on account of management consulting fees. The CFO was also awarded a $25,000 performance bonus by the board of directors. Included in trade and other payables at June 30, 2017 is $5,650 (December 31, 2016 - $5,650) owing to the CFO, for unpaid consulting fees. These amounts are unsecured, non-interest bearing and due on demand.

(ii) A total of $12,500 (2016 - $nil), plus applicable taxes was charged to the Company by the President on account of management consulting fees.

(iii) A total of $33,375 (2016 - $30,000) was recorded for directors' fees. Included in trade and other payables at June 30, 2017 is $nil (December 31, 2016 - $30,000) owing to directors for unpaid directors' fees. These amounts are unsecured, non-interest bearing and due on demand.

(iv) The Company incurred $64,800 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 in effect since January 1, 2013. These costs were allocated in the condensed consolidated interim financial statements as follows: $34,200 to office and general (including $30,000 rent), $10,200 to investor relations, $12,000 to operations in Switzerland and $8,400 to professional and administration fees. Included in trade and other payables at June 30, 2017 is $nil (December 31, 2016 - $163,122) owing to Geosource for these unpaid costs. These amounts are unsecured, non-interest -bearing and due on demand.

During the three months ended June 30, 2017:

(vi) A total of $30,000 (2016 - $15,000), plus applicable taxes was charged to the Company by the CFO on account of management consulting fees.

(vii) A total of $12,500 (2016 - $nil), plus applicable taxes was charged to the Company by the President on account of management consulting fees.

(viii) A total of $33,375 (2016 - $30,000) was paid out for directors' fees.

(ix) The Company incurred $32,400 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 in effect since January 1, 2013. These costs were allocated in the condensed consolidated interim financial statements as follows: $17,100 to office and general (including $15,000 rent), $5,100 to investor relations, $6,000 to operations in Switzerland and $4,200 to professional and administration fees.

(x) 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 six months ended June 30,	2017	2016
Management fees	$92,517	$30,000
Directors' fees	33,375	30,000
Stock-based compensation	151,087	-
	$276,979	$60,000

Other Transactions

See Transaction and financing section above.

1.12 PROPOSED TRANSACTIONS

The Company has no proposed transaction to acquire any additional asset, or dispose of any asset of the Company. However, from time to time, and similar to other junior mineral exploration enterprises, the Company may acquire or dispose of property assets as determined by Management based on exploration results, opportunities, competitive nature of the business, and venture-capital availability.

1.13 CHANGES IN ACCOUNTING POLICIES AND NEW ACCOUNTING STANDARDS AND INTERPRETATIONS

Changes in Accounting Policies

During the six months ended June 30, 2017, the Company adopted a number of new IFRS standards, interpretations, amendments and improvements of existing standards including IAS 1. These new standards and changes did not have any material impact on the Company's condensed, consolidated interim financial statements.

1.14 RISKS AND UNCERTAINTIES

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.

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 normally incidental to 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.

Ability of Community Stakeholders to Impede Project Success

It is paramount that key constituency groups engage with the Company to mitigate the social and business risk associated with exploration on properties owned by foreign, non-shareholding stakeholders.

The Company has engaged a professional CSR company to assist in the development and execution of a CSR Strategic Framework that allows for collaboration with key stakeholders in a non-confrontational, dignified and respectful manner

Title
Property title may be subject to unregistered prior agreements and non-compliance of 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 six months ended June 30, 2017 and 2016.

(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.

The Company no longer has any material risk exposure to any single debtor or group of debtors – *See Capital Resources*.

(b) Liquidity risk

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

See Capital Resources

(c) Market risk

Market risk is the risk related to changes in the 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

Cash balances are 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.

(ii) Foreign currency risk

Certain of the Company's expenses are incurred in Swiss francs ("CHF"), US dollars (USD) and Euros 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 June 30, 2017 and December 31, 2016, the Company's exposure to foreign currency risk with respect to amounts denominated in USD and CHF, was substantially as follows**:**

In Canadian $ equivalents	June 30, 2017	December 31, 2016
Cash	**$34,600**	$3,108
Trade and other payables	**34,571**	(40,340)
Net exposure	**$69,171**	$(37,232)

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 volatility. The ability of the Company to develop its mineral properties and the future profitability of the Company is directly related to the market price of gold, copper, uranium, and other metal commodities.

Commodity prices have fluctuated significantly in recent years. There is no assurance that these metals will be produced in the future or that a profitable market will exist for them. As of March 31, 2017 and December 31, 2016 the Company was not a metals commodity producer.

1.15 COMMITMENTS AND CONTINGENCIES

Environmental Contingencies
The Company's exploration activities are subject to various federal, provincial, municipal 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 CEO provides management services to the Company without receiving any compensation other than stock options granted under the Company stock option plan.

The President provides management services to the Company pursuant to a one-year (renewable) consulting agreement. His annual compensation is $150,000. Upon change of control as defined in the agreement, the contract will be extended two years from the effective date of the change of control (the "Change"). If the agreement is terminated, other than for cause, or if the President terminates the agreement 'for good reason', within one year of the Change, then the President shall receive $300,000 and any unvested options shall vest immediately therein. .

The Company's CFO and Chief Geologist provide consulting services pursuant to annual, renewable consulting agreements. Accordingly, the CFO is remunerated at the rate of $60,000 per annum and the Project Manager is contracted on an 'as needed' basis and compensated at an amended rate of $500USD ($650CAD) per diem. Early termination of the contracts requires 90 days' written notice by the party terminating the agreement therein.

The Company has entered into a consulting agreement (the "Contract") with a professional CSR company to design and implement a CSR program to be run in conjunction with the Project exploration programme. Compensation for services is stipulated at $1,000 per diem up to 10 days per month ("the base services"). Any additional services to be performed over and above the base services must be pre-approved in writing. Both parties may terminate the contract with 30 days' written notice.

1.16 QUALIFIED PERSON

The foregoing and technical information contained 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	Warrants	Agents' Warrants	Stock Options	Fully Diluted
December 31, 2016	22,759,735	-	-	2,165,000	24,894,735
December 31, 2016 and August 28, 2017	27,335,625	1,600,445	144,200 (1)	2,315,000 (2) (3)	31,467,370

(1) Each agent compensation option entitles the holder to purchase an Agent Unit comprised of one common share and one-half purchase warrant therefore the purchase of the Agent Units and subsequent exercise of the Agents' Warrants would result in the issuance of 216,300 common shares
(2) 415,000 stock options granted in July 2016
(3) 50,000 stock options granted in May 2017