AURANIA RESOURCES LTD.

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

For the Year Ended December 31, 2018

(Expressed in Canadian Dollars unless otherwise indicated)

1 INTRODUCTION

The following Management's Discussion and Analysis ("MD&A") is a review by the management ("Management") of Aurania Resources Ltd.'s ("Aurania" or the "Company") financial condition and results of operations for the years ended December 31, 2018 and 2017. This MD&A is prepared as at April 17, 2019, unless otherwise indicated, and should be read in conjunction with the financial statements for the years ended December 31, 2018 and 2017 ("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") – http://www.sedar.com and are also available on the Company's website http://www.aurania.com.

2 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 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 (for gold, silver and copper, for example), currency exchange rates (such as the Canadian Dollar and the Swiss Franc ("CHF") versus the United States Dollar ("USD")), changes in accounting policies, risks related to non-core asset disposition, risks related to acquisitions, changes in project parameters as plans continue to be refined, changes in exploration 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, poor success of exploration programs, changes in permitting timelines, 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 to 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.

3 2018 HIGHLIGHTS

The following has been achieved over the last year and to the date of this MD&A:

EXPLORATION FOCUS:

On May 29, 2017, Aurania acquired EcuaSolidus, S.A., ("EcuaSolidus" or "ESA"), a private Ecuador-based company, owned by the principal shareholder of the Company, in order to acquire all the rights, title and interest in 42 mineral exploration concessions in Ecuador (the "Lost Cities – Cutucu Project" or the "Project"). Exploration continues. **See 4.4 OPERATIONS REVIEW – Projects**

EXPLORATION ACHIEVEMENTS ON THE PROJECT:

- Reconnaissance exploration program:
  - Eleven epithermal gold-silver targets have been identified and others are being confirmed through follow-up field work and analytical results;
  - Four porphyry copper targets have been identified, three of which have high-grade copper-silver in sedimentary and volcano-sedimentary strata adjacent to magnetic features evident in geophysical data. The magnetic features are interpreted as clusters of porphyry bodies;
  - A silver-zinc-lead target was identified in the reconnaissance exploration program;
  - The reconnaissance exploration program is now 40% complete with seven teams dedicated to this work;
- Target development:
  - Four teams focused on ridge and spur soil sampling to advance various targets towards scout drilling;
- Scout Drilling, Crunchy Hill:
  - Specific drill targets were defined from the multiple data sets that have been developed over the target area. Seven bore holes of approximately 350 metres ("m") each are planned for the current scout drilling program;
  - The final authorization for the scout drilling was received and drilling commenced the first week of March 2019;
  - Three discrete targets for epithermal-style gold-silver mineralization are being prepared for scout drilling in the Yawi target area;
    Legislation around scout drilling has been streamlined so that the permitting process should be shorter and the emphasis from the Ministry of the Environment will be on checking on compliance in the field as opposed to bureaucracy related with the application itself; and
  - As at the date of the MD&A, 6 bore holes have been completed for a total of 2,124m. The 7^{th} hole is underway.

  See 4.4 OPERATIONS REVIEW – Projects

CORPORATE SOCIAL RESPONSIBILITY ("CSR")

- Access agreements have been signed with 67% of the communities in the Project area. This work is ongoing.

CORPORATE:

- At the Annual and Special Meeting of Shareholders held in June 2018, Aurania added Mr. Alfred Lenarciak to the Board of Directors ("Board"); Mr. Lenarciak has over 25 years of experience in the financing and strategic development of domestic and international resource companies;
- Commenced trading on the Frankfurt Exchange, symbol "20Q" and on the OTCQB Venture Market in the United States, symbol "AUIAF";

FINANCE:

During the year ended December 31, 2018, the Company raised $9,677,613 through the issuance of debt and equity and the exercise of stock options and warrants, as follows:

- Completed two tranches of private placement equity issuances with the issuance of 2,219,400 common shares for gross proceeds of $4,438,800 ("2018 Offering"). Commissions, legal and accounting fees and transfer agent and regulatory fees for the 2018 Offering totaled $376,827;
- A total of 1,730,000 stock options were exercised by directors and officers for cash consideration of $460,000 and $280,000 settlement of debt;
- A total of 530,536 common share purchase warrants were exercised for cash consideration of $1,591,608;
- A total of 137,813 agents' options were exercised for cash consideration of $275,626;
- These inflows of cash were offset by a repayment of debt to the Lender of $500,000 cash.
- The Company further issued an unsecured, interest-bearing convertible debenture for $2,631,579 to Dr. Keith Barron, Chairman, CEO and principal shareholders (the "Lender"). this allowed the Company to renew the full package of exploration concessions; and
- Extended 1,069,909 (non-broker) outstanding common share purchase warrants for one year, to mature on October 19, 2019.

SUBSEQUENT TO YEAR END

- The Company engaged a senior level financial consultant as finance and corporate advisor;
- The Lender converted a 2018 convertible debenture into 877,192 common shares;
- The Lender extended the maturity date of a 2017 Promissory Note, to May 29, 2020;
- The Company completed a rights offering ("Rights Offering") with shareholders of record on February 4, 2019, for gross proceeds of $5,254,667, with the issuance of 1,946,172 common shares; and
- The Company paid a total of USD2,046,475 to the Ecuador government for the 2019 renewal of the Mineral Concession Fees for Aurania's 42 mineral concessions.

See 4.18 Subsequent Events

4 BACKGROUND

This report is dated April 17, 2019.

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 Corporation registered extra-provincially in the Province of Ontario, Canada.

Directors, Officers and Management

Keith Barron – Chief Executive Officer, Chairman of the Board of Directors ("Board") and Director
Elaine Ellingham – Independent Director
Gerald Harper – Independent Director
Marvin Kaiser – Independent Director
Alfred Lenarciak – Independent Director
Donna McLean – Chief Financial Officer and Corporate Secretary
Jean Paul Pallier – Vice President – Exploration ('VPX')
Richard Spencer – President and Director.

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Tel: (416) 367-3200
Email: info@aurania.com; Website: http://www.aurania.com

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

Exchange Listings

The Company's common shares ("Common Shares") are traded on the TSX Venture Exchange ("TSXV") under the symbol "ARU", on the Frankfurt Exchange, symbol "20Q" and on the OTCQB Venture Market under the symbol "AUIAF".

Nature of Operations and Company Focus

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

4.1 OVERALL PERFORMANCE

Statement of Financial Position

For the year ended December 31, 2018, (the "Reporting Period"), the principal changes to the statement of financial position are:

Total cash (available and restricted) increased from $671,346 at December 31, 2017 to $1,072,933 at December 31, 2018, as a result of the issuance of 2,219,400 units ("Units") upon closing the 2018 Offering and the exercise of 560,536 warrants, 137,413 Agents' Options and 1,030,000 stock options. These issuances resulted in $6,389,207 net cash being added to treasury.

Property, plant & equipment increased from $52,573 to $137,897 primarily due to:

- $10,564 spent on field and safety equipment for the exploration crews;
- $56,060 used for the purchase of a hand-held XRF analyzer;
- $5,591 for furniture and office items for the field office in Macas, Ecuador; and
- $34,439 used for the acquisition of additional computers, software and security equipment for the Macas and Toronto offices.

Total liabilities for the Reporting Period increased from $1,737,956 to $3,882,210 largely as a result of the subscription of a USD2,000,000 convertible debenture (the "Debenture") by the Lender; this funding was used to pay the 2018 mineral concession fees for the Project. **See 4.6 Liquidity and Capital Resources and 4.7 Equity.**

There were also reductions to total liabilities when the Company agreed: i) to settle $280,000 of principal owing on a promissory note (the "2017 Promissory Note"), as consideration for the exercise of the Lender's 700,000 stock options; and ii) to repay $500,000 cash to the Lender, as permitted. **See 4.7 Equity**.

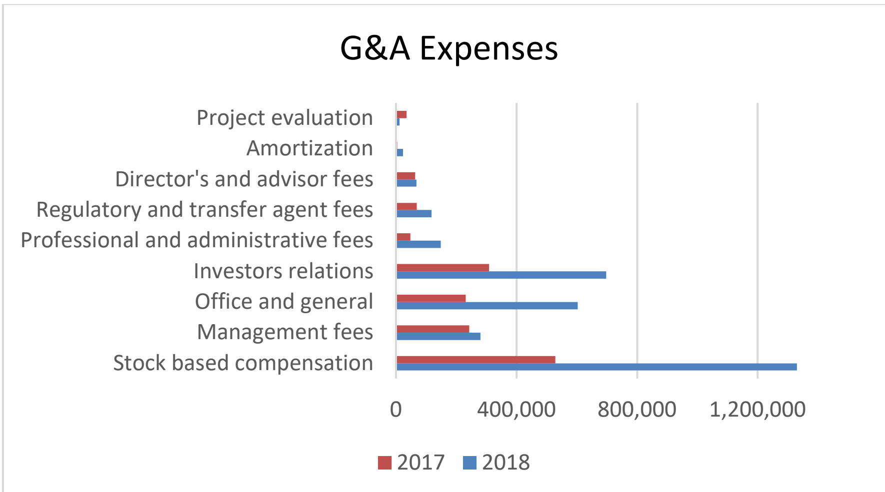
The Company incurred a net loss of $9,624,344 (2017 - $9,245,322) for the Reporting Period, which resulted in an increase to accumulated deficit, from $16,059,021 in 2017 to $25,668,365.

Statement of Loss

In general, total net loss for the years ended December 31, 2018 and 2017 were similar in magnitude - $9,624,344 in 2018 vs. $9,245,322 in 2017), but dissimilar in nature.

In 2017, the Company spent several months working on the acquisition of ESA in order to advance exploration on the Project area. The recorded costs of acquiring ESA totaled $5,511,183 (the "Transaction Costs"). These costs included cash, the issuance of shares and the assumption of certain debt (incurred by ESA to pay the 2017 mineral concession fees). Consequently, the Transaction Costs accounted for approximately 60% of the net loss recorded for 2017. Exploration expenditures were $2,233,656 or 24% of the annual net loss and general and administrative costs ("G&A") and other items comprised the balance of the 2017 net loss, at $1,500,483 or 16%.

In 2018, with the Company being fully operational, the Company spent $6,037,278, or 63% of the 2018 net loss, on field-related exploration. The remaining 37% of the 2018 loss was attributable to corporate overhead and accrued estimates for stock-based compensation and amortization expense.



See 4.4 PROJECTS REVIEW – Operations for Exploration expenditures

The main components of 2018/2017 corporate costs were as follows:

i. Stock-based compensation expense of $1,330,366 (2017 – $528,224). This included $831,110 (2017 - $453,675) assigned as the fair value of new options granted during the year and $499,256 (2017 - $70,549) recorded for the fair value of vested options granted in prior year(s). **See note 11 – Stock-based Compensation** in the Annual Financial Statements**;**

ii. Investor relations $697,343 (2017 - $309,452): Expanded marketing efforts with an increased focus on social media and domestic and international presentations to potential investors all resulted in higher expenditures in this area. $236,422 was expended for booth rental, materials and travel and accommodation costs associated with the Company's exhibiting at investment conferences in Canada, USA, Europe and Asia and for broker/fund presentations; $270,926 was expended for external consulting (capital markets support); $132,945 for internal investor and corporate relations support; $39,189 for social media videos, e-blasts, press releases and other social media communications and $17,860 for conducting the Annual and Special General Meeting of Shareholders ("ASM") held in June 2018.

iii. Office and general $603,066 (2017 - $231,910): Increased office and general costs of approximately $30,000 per month resulted from added service costs, including financial and administrative consulting fees (**see 4.16 Commitments and Contingencies**), and costs to equip and maintain offices in Quito and Macas, Ecuador;

iv. Management fees of $279,803 (2017 - $243,040): Management fees are higher in 2018 primarily due to: i) a 25% increase in the compensation of the CFO from $60,000 to $75,000 per annum, ii) the compensation recorded for the President includes fees paid for the entire period whereas in 2017, he joined the Company only in March. Directors' fees remained constant at $15,000 per annum, per director, year-over-year, however a director was added to the Board of Directors at the ASM held in June 2018; **See 4.8 Key Management Compensation Expense;**

v. Professional and administrative fees $148,303 (2017 - $48,197); these fees include outside professional legal (corporate) and accounting fees and internal administrative costs. These costs increased across the Company's three administrative centres, commensurate with the higher level of operational activity in the year. **See 4.16 Commitments and Contingencies**;

vi. Regulatory and transfer agent fees $117,545 (2017 - $68,656) increased by approximately 170% largely due to the increased share capital activity associated with the 2018 Offering. Included in these costs are the monthly costs and costs incurred for the 2018 the Offering, for transfer agency fees, monthly sustaining and Offering fees for the TSX-V, SEDAR filing fees and annual corporate public company fees charged to all Bermuda-registered companies. Approximately $25,000 was incurred to list the Company on the OTCQB Venture Market and Frankfurt Exchange.

vii. Amortization of $23,023 (2017 - $4,051) increased year-over-year with additional purchases of field and safety equipment to outfit added exploration teams and computers and security equipment for the Macas office and additional hardware/software for the expanded CSR team.

Statement of Cash Flows

In both 2018 and 2017, the Company added to treasury through equity financings and the issuance of debt.

For the Reporting Period, financing activities of the Company provided $8,520,786 cash (2017 - $4,904,778) to fund its operations. The net available cash position increased by $145,676 to $817,021 (2017 - $667,404 to $671,346). The Company also has $255,000 restricted cash pursuant to an interest-bearing guaranteed investment certificate which is maturing in December 2019. **See 4.6 Liquidity and Capital Resources**.

Cash Flow Activities	**Year ended December 31, 2018**	Year ended December 31, 2017
Operating	**$(8,010,852)**	$(3,481,821)
Financing	**8,520,786**	4,904,778
Investing	**(364,259)**	(755,553)
Increase in cash during the period	**$145,675**	$667,404

Operating Activities

Net cash used in operating activities was $8,010,852, of which the main components were:

- Payment of the 2018 mineral concession-related fees of $2,626,449 and $173,617 of legal and other costs related to maintaining the mineral concessions in good standing;
- $3,249,373 of field-related exploration expenditures; **See 4.4 Operations Review;**
- $751,369 of office overhead and corporate non-executive personnel costs;
- $697,342 spent on capital market (consulting) support and investor and corporate relations; and
- $279,803 for compensation for our senior executives in Toronto and Ecuador.

In 2017, the main components of the operating activities were $2,233,656 of exploration expenditures (including a geophysical survey costing $971,883), $280,107 of office overhead and corporate non-executive personnel costs, $309,452 spent on capital market (consulting) support and investor and corporation relations and $243,040 for compensation for our senior executives in Toronto and Ecuador. The difference in spending year-over-year is directly related to the Company transitioning from start-up to fully-operational.

Financing Activities

Cash generated during the Reporting Period included:

- $4,061,973 (net) from the 2018 Offering private placement;
- $2,631,579 from the issuance of a convertible debenture**. See section Indebtedness in 4.6 Liquidity and Capital Resources**;
- $1,591,608 from the exercise of common share purchase warrants;
- $460,000 from the exercise of incentive stock options; and
- $275,626 from the exercise of agents' options.

In the prior year, financing activities consisted of (net) $5,867,298 from the 2017 Offering private placement, $20,000 from the exercise of stock options and $425,094 advances from a promissory note loan. Partial repayments of $1,407,614 against the balances owing for a convertible debenture and promissory note reduced total liabilities during the prior year.

4.2 SELECTED ANNUAL INFORMATION

STATEMENTS OF LOSS	**Year ended December 31, 2018**	Year ended December 31, 2017	Year ended December 31, 2016
Exploration expenses	**$6,037,278**	$2,233,656	$76,191
Compensation - Stock-based compensation expense, management, directors' and advisor fees	**1,678,566**	834,639	252,337
Corporate costs	**1,566,258**	697,744	184,263
Total expenses before other items	**9,316,663**	3,766,039	512,791
Other income/expenses:			
Costs associated with acquisition of ESA	**-**	5,511,183	-
(Gain) loss on foreign exchange and derivative	**25,641**	(46,347)	5,508
Interest income	**(9,127)**	-	-
Interest expense	**291,167**	14,447	-
Loss for the period	**$9,624,344**	$9,245,322	$518,299

FINANCIAL POSITION AS AT	**December 31, 2018**	December 31, 2017	December 31, 2016
Cash and restricted cash	**$1,072,933**	$671,346	$3,942
Prepaid expenses and sundry receivables	**97,454**	64,882	2,512
Property, plant and equipment	**137,897**	52,573	-
Total assets	**$1,308,284**	$788,801	$6,454
Total liabilities	**$3,882,210**	$1,737,956	$641,351
Shareholders' equity (deficiency)	**$(2,573,926)**	$(949,155)	$(634,897)
Deficit	**$(25,668,365)**	$(16,059,021)	$(6,813,699)

4.3 SEGMENTED INFORMATION

At December 31, 2018 and 2017, the Company's operations comprised one business segment engaged in mineral exploration and two geographical segments - in Ecuador and Switzerland.

As at and for the year ended December 31, 2018	Corporate [(1)] ($)	Ecuador ($)	Total ($)
Available and Restricted Cash	1,061,766	11,167	**1,072,933**
Property, plant and equipment	76,790	61,107	**137,897**
Total assets	1,214,571	93,713	**1,308,824**
Loans payable	(3,491,976)	-	**(3,491,976)**
Total liabilities	(3,688,142)	(194,068)	**(3,882,209)**
Net loss	3,429,273	6,195,071	**9,624,344**

As at and for the year ended December 31, 2017	Corporate [(1)] ($)	Ecuador ($)	Total ($)
Available and Restricted Cash	665,863	5,483	**671,346**
Property, plant and equipment	17,618	34,955	**52,573**
Total assets	713,001	75,800	**788,801**
Loans payable	(1,273,000)	-	**(1,273,000)**
Total liabilities	(1,620,762)	(117,194)	**(1,737,956)**
Net loss	7,220,550	2,024,772	**9,245,322**

[(1)] Corporate includes cash in Switzerland, the segment's only asset.

4.4 OPERATIONS REVIEW

ECUADOR

Mineral Concessions and Obligations

Post-closing of the Transaction, the Company became the holder of the rights, title and interest in the Lost Cities Project, comprised of 42 mineral concessions that constitute the 207,764 hectare ("Ha") Project area in Ecuador. The concessions were granted on December 27 and 28, 2016, and are valid for 25 years, renewable for a subsequent 25 years, provided that the concessions are maintained in good standing.

Mineral concessions in Ecuador are regulated according to the following timeframes:

- up to four years of initial exploration;
- up to four years of advanced exploration;
- up to two years of economic evaluation of the deposit, which can be extended for an additional two-year period; and
- thereafter, the concessions are in the exploitation phase.

The key requirements for maintaining the good standing of concessions have been met as follows (**see note 9 – Indebtedness** in the Annual Financial Statements) and the Table below:

- Year 1 (ended December 2017 and Annual Reports presented to the Ecuadorian authorities by March 31, 2018):
    - Concession fees of USD1,973,198 (USD9.50/Ha) were paid by March 31, 2017; and
    - Expenditure on the concessions must have exceeded the larger of the USD5.00/Ha (USD1,038,820) required by law or the USD1,060,000 committed by the Company. In-country expenditure recorded in the annual reports presented to the Ecuadorian authorities for 2017, was USD3,354,497, which far exceeded the committed minimum expenditure;

- Year 2 (ended December 2018 and Annual Reports presented to the Ecuadorian authorities by March 31, 2019):
    - Concession fees of USD2,004,923 (USD9.65/Ha) were paid by March 31, 2018; and
    - Expenditure on the concessions must have exceeded the larger of the USD5.00/Ha (USD1,038,820) required by law or the USD1,090,000 committed by the Company. The in-country expenditure recorded in the annual reports presented to the Ecuadorian authorities for 2018, was USD4,396,820, which far exceeded the committed minimum expenditure.

- The Environmental Registration and Environmental Management Plan required for exploration of the concessions were received on June 30, 2017, and both are valid for the 4-year term of Initial Exploration.

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Year	Concession Fees (USD)	Minimum Expenditure Required (USD)	Committed Expenditure (USD)	Actual Expenditure (USD)
1 (2017)	1,973,198	1,038,820	1,060,000	3,354,497
2 (2018)	2,004,923	1,038,820	1,090,000	4,396,820
3 (2019)	2,046,475	2,077,640	2,098,000	Will be reported in March 2020
4 (2020)	2,050,000 (Est.)	2,077,640	Not yet determined	Will be reported in March 2021

The size of the concession area constituting the Project may be reduced at the Company's discretion based on exploration results. The high annual concession fees provide a strong incentive to reduce the size of the Project area. The national concession application process was closed in December 2017 and is expected to re-open sometime in 2019. The closure of the concession application process was for government administrative purposes. Consequently, no new concessions may be added to the Project area at this time. Mineral concessions may be cancelled by the State for various reasons, principally as a result of negligence or misrepresentation on the part of the patent holder.

Future Mineral Concession Maintenance Requirements

Maintenance of the full 42-concession package through the Initial Exploration phase requires the following expenditure, summarized in the Table above:

- Year 3 (up to December 2019):
    - Concession fees of USD2,046,475 (USD9.85/Ha) which were paid by March 31, 2019; and
    - Expenditure on the concessions must exceed the larger of the USD10.00/Ha (USD2,077,640) required by law or the USD2,098,000 committed by the Company;
- Year 4 (up to December 2020):
    - Concession fees of approximately USD2,050,000 (USD9.87/Ha) to be paid by March 31, 2020; and
    - Expenditure on the concessions must exceed the larger of the USD5.00 (USD1,038,820) required by law or a higher amount committed by the Company, and to be determined by March 31, 2020.

In Year 5 and beyond, the Company would be regulated by the requirements for conducting "Advanced Exploration" on selected target areas and hence required minimum expenditure cannot be estimated by Management at the reporting date.

New Legislation

Legislation recently enacted allows for scout drilling to be conducted during the initial phase of exploration. All drilling had previously required a change in status of a concession to "Advanced Exploration", which involved additional submissions to the Ministries of Electricity & Non-Renewable Resources and Environment. Further recent legislative changes are aimed at streamlining the application process for scout drilling. Applications will now be submitted electronically, which is expected to free up more time for the environmental authorities to monitor scout drilling activities in the field.

Reconnaissance Exploration

The Company's regional exploration program involves blanket coverage of the Project in a stream sediment sampling program. 40% of the Project area has been covered to date. Analysis of these samples is used to identify areas of metal enrichment. These areas are prioritized as targets based on the combination of elements enriched in the drainage area, the extent to which the elements of interest are enriched, the size of the area of enrichment, as well as its association with geophysical features. Seven exploration teams are involved in the stream sediment sampling program.

Target Development

Clay-rich soil, such as that prevalent throughout the Project area, is efficient at capturing metals weathered from the underlying rock. The sampling of soil along ridge crests ("ridge and spur") or subsequently in a regular grid, provides a reliable method of homing in on the source of metals that drained into the rivers, giving rise to the enrichment detected in the stream sediment sampling program. Four teams are currently engaged in the sampling of soils in order to more precisely locate the source of metals in the target areas.

Targets identified to-date are:

- Eleven epithermal-style targets with potential for gold and silver mineralization;
- Four porphyry-related targets with potential for copper-silver mineralization; and
- One "manto" - style target for silver-zinc-lead mineralization.

Soil sampling is underway on the four epithermal target areas that have been identified in the Yawi area, and on two of the copper-silver target areas. These targets are being mapped and rock-chip samples are being taken from mineralized or altered boulders and outcrops in order to refine the nature and location of each target.

Scout Drilling

Scout drilling constitutes an integral part of exploration in deeply weathered and jungle-covered terrain such as that in the Project area. Scout drilling is necessary to confirm the validity of each target and will routinely be undertaken on the highest priority targets as part of the exploration program.

The current priorities for scout drilling are as follows:

- Crunchy Hill: drilling started the first week of March 2019. The plan is to drill seven diamond drill holes of approximately 350m each, totaling approximately 2,500m. This initial plan is likely to change as results are received from the first bore holes. The Crunchy Hill target is accessible by paved highway;
- Yawi 1, 2 and 3: More detailed exploration at the Yawi target area has defined four specific target areas. Three of these four targets are being prepared for scout drilling after Crunchy Hill;
- Additional target areas are currently undergoing detailed exploration and will be prioritized for scout drilling. The intention is that the man-portable diamond drill rig will move sequentially from one target to the next, providing that enough funding is available to maintain this pace of exploration; and
- As at the date of the MD&A, 6 bore holes have been completed for a total of 2,124m. The 7th hole is underway.

Corporate Social Responsibility

The Company's CSR team, under the guidance of Toronto-based O-Trade, has developed a complete Social Management Plan (SMP) to manage and mitigate social risk. The SMP includes early stakeholder engagement, social impact analysis, and defines partnerships with the Ecuadorian government. Specifically, the Company is working with the ministries of the Environment, Health, Agriculture and Education, in addition to its normal-course interaction with the Ministry of Electricity and Non-Renewable Resources. By principle, all strategies and their implementation recognize and honour human and indigenous rights. Formal access agreements have been established with 67% of communities that lie within the Project area. Improved access for the Company's exploration teams has benefitted five communities directly and nine indirectly. The exploration team has created over 350 part-time work opportunities, equitably distributed across 36 communities and has engaged 21 local suppliers to provide consumables and services, such as transportation. Contaminated water, poor sanitation, and poor hygiene have been identified as the prime risk to the health of people living and working in the area, for which the Company is investing in education on basic sanitation and water purification methods. Over 500 families have benefitted from these basic, on-going training programs.

Lost Cities – Cutucu Project - Exploration Expenditures

For the year ended December 31, 2018 total field-related expenses increased from $2,233,656 in 2017 to $6,037,278 in 2018. In general, the Company acquired the Project in late May 2017 therefore the costs presented only represent seven months of 2017 exploration activity, compared to a full year of activity reported for 2018. The main expenditures in 2017 were related to the planning, implementation and assessment of a magnetic geophysical survey over the whole Project area. In 2018, the technical focus shifted to regional exploration including prospecting, soil sampling and interpretation of the geophysical survey in order to identify drill targets for further exploration in 2019. **See Target Development above**. Further, a substantial focus of Management has also been on managing and mitigating Social Risk. **See Corporate Social Responsibility above.** Concession maintenance in Ecuador is rigorous. An annual report of expenditures must be filed for every concession held, along with the remittance of the prescribed concession fees. The Company engages a third party auditor and legal counsel to ensure that the filings are completed and remitted on an accurate and timely basis.

During the year ended December 31, 2018 **(YEAR 2)**, the Company recorded exploration expenses for the Project, for the work undertaken as described above, totaling $6,035,423 (2017 -$2,216,819 **(YEAR 1)).**

The exploration expenditures for **YEAR 2** included:

GEOLOGY/FIELD:

- **$914,060** ($138,249) for salaries and consulting fees for the exploration teams comprised of geologists, guides and other part-time or occasional field assistants;
- **$411,151** ($48,878) for field supplies and equipment and food and accommodation for the exploration teams;
- **$320,398** ($195,043) for project management fees; this includes salaries and benefits for the VP Exploration and 70% of the consulting fees of the President, for the proportionate allocation of his time spent on the Project;
- **$172,942** ($198,927) for in-country and international travel for the exploration team members;
- **$72,619** ($24,231) for an in-house specialist in environment, health & safety matters;
- **$105,944** ($67,686) for overhead including rent, telecommunications and administrator for the Macas office.

GEOCHEMISTRY:

- **$368,680** ($14,919) for the processing and assay of 1,515 stream sediment samples, 2,985 soil samples and 821 rock-chip samples.

GEOPHYSICS:

- **$48,039** ($971,883) for consulting fees for on-going interpretation of data from the heliborne magnetic survey that was completed in 2017 (see below);

CORPORATE SOCIAL RESPONSIBILITY:

- **$609,352** ($302,776) for consulting fees, field costs, travel and accommodation of the CSR team, and various community initiatives;

SUPPORT SERVICES (TORONTO):

- **$226,188** ($70,000) – approximately $20,000 month for Toronto personnel in the areas of project accounting, legal, translation, IT, communications and administration for the Project;

LEGAL COSTS FOR CONCESSION MAINTENANCE:

- **$173,617** ($101,600) for legal and other professional costs related to acquisition and maintenance of permits, CSR access permissions and annual reporting to maintain the concessions in good standing;

ANNUAL MINERAL CONCESSION FEES:

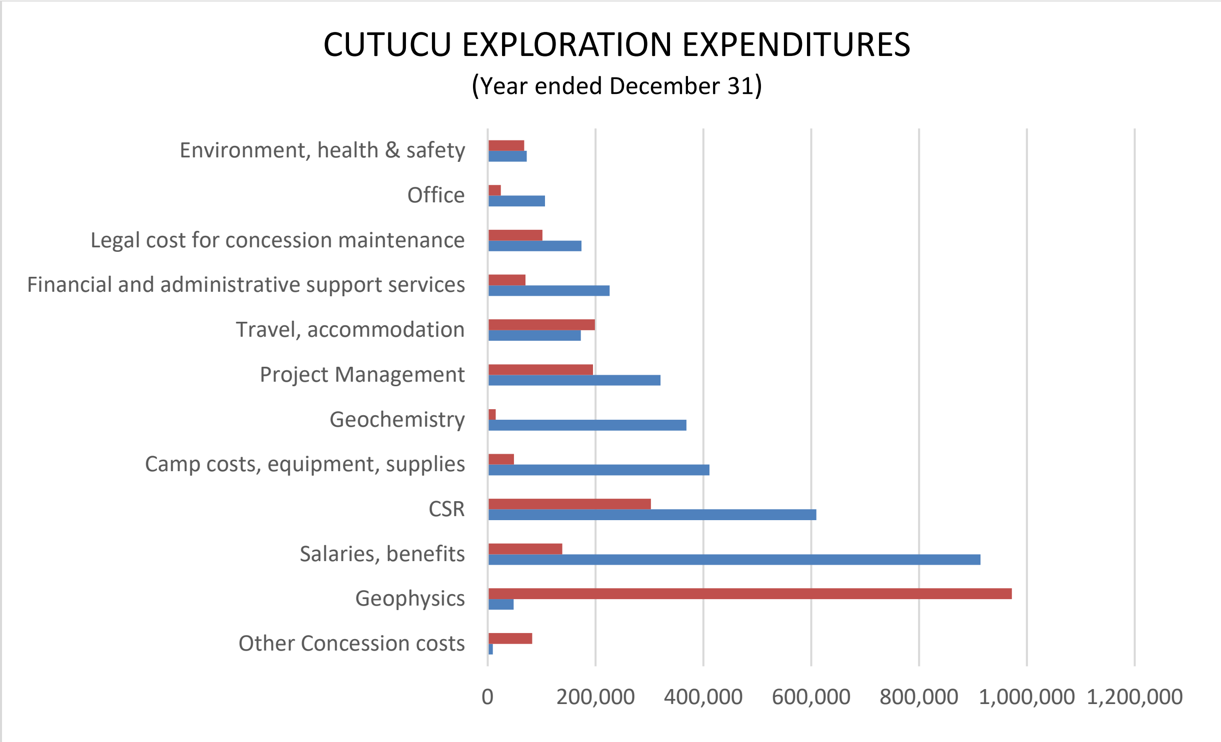
- USD2,004,923/$2,612,433 ($82,627 – **see below**) in annual and other fees for the 42 concessions, were paid to the State.

The exploration expenditures for **YEAR 1** (shown in brackets above) were similar in nature, except that in 2017:

- A total of $971,883 was incurred for the heliborne geophysics survey. This included $837,986 to the geophysics contractor and $33,897 to the independent consultant that the Company contracted to perform quality assessment and quality control throughout the survey period. The consultant continues to assist with the processing and analysis of the data to define and refine target areas;
- A total of $82,627 was spent on consulting fees of other professionals engaged to acquire and maintain the mineral concessions;
- A total of USD1,973,198 or USD9.50/Ha was paid for the mineral concession fees, however they were paid prior to the acquisition of the Project and the cost is reflected in Costs associated with the acquisition of ESA on the consolidated statement of loss; and
- The Company acquired the Project in late May 2017 and the remaining seven months activity in 2017 was principally devoted to i) the planning, implementation and completion of the geophysical survey and ii) mobilization and implementation of the Company's CSR program to obtain access permissions from the communities to advance regional field exploration planned for and carried out in 2018.

Lost Cities – Cutucu Project G&A Expenditures

Ongoing rent, supplies, utilities, insurance, taxes and telecommunications costs are approximately $15,000 per month for the Quito office and an apartment (maintained by the Company to accommodate Senior Management, consultants and others making corporate-related visits to Quito and site visits to the Project instead of using hotels). These costs are allocated in the Annual Financial Statements on the statement of loss in office and general and professional and administration fees.



Note: In 2018 the Company paid Concession fees of USD2,004,923 (USD9.65/Ha) for the Project area concessions. In 2017, Concession fees of USD1,973,198 (USD9.50/Ha) were paid in March 2017 by EcuaSolidus, for the same Project area concessions. This cost was assumed by the Company, in the Transaction Costs recorded in May 2017.

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.

In 2015, the Company made formal application to obtain new five-year Permits and were advised that the Canton Authority intended to revise the Swiss Mining Law 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.

To December 31, 2018, Management is unaware of any change in the status of the Permits. A total of $1,855 was spent on filing and core shack rental fees and travel expense for the VPX's visits to Switzerland, to ensure regulatory compliance, during the Reporting Period. **See note 14 Exploration Expenditures in the Annual Financial Statements.**

4.5 FOURTH QUARTER RESULTS

During the three months ended December 31, 2018:

- ✓ Current assets decreased to $1,170,387 from $2,355,931. Operational spending was approximately $460,000 per month, of which 80% or $1,146,897, was related to Project costs.
- ✓ Property, plant and equipment increased to $137,897 with purchases of additional field equipment and supplies of $22,385.

- ✓ Liabilities increased from $3,660,935 to $3,882,210, primarily with additional accrued interest of $32,513 and an increase to the fair value of the convertible debenture and derivative liability of $259,780 as a result of the periodic re-evaluation performed at each report date
- ✓ Share capital increased from $22,646,293 to $23,094,439 (increase of $448,146) due to the exercise of 96,313 agents' options and the issuance of 33,500 common shares for vested RSU's. Additional stock-based compensation expense added $297,978 to contributed surplus.

The Company incurred $789,897 for corporate costs during Q4 2018. These costs were principally incurred for: $297,978 (38%) for stock-based compensation expense, $174,240 (22%) for capital market support and marketing charged to investor relations and $237,750 (30%) to office and corporate overhead. Overhead costs include the costs to equip, maintain and staff the offices in Toronto, Quito and Macas. Approximately 50% of the Toronto staffing costs are charged to exploration.

The Company incurred the following exploration-related costs during Q4 2018. **(see annual costs for description details of the expenses):**

GEOLOGY/FIELD:

- **$288,075** salaries and benefits due to the exploration teams; extra payments were paid out during the quarter for additional source deductions and year-end benefit payments;
- **$148,446** for camp-related costs (including field supplies and equipment; in 2017, $12,753 was spent mostly on field equipment and supplies – no camp costs;
- **$70,895** for project management fees as described above in the annual section; no change to the compensation rates per standing agreements;
- **$30,495** for in-country and international travel for the exploration team members;
- **$28,933** for an in-house specialist in environment, health & safety matters; this work was nominal in 2017 and was broadened in 2018 to a full-time position, due to increased workload from the expanded exploration program;
- **$25,922** for overhead including rent and supplies, telecommunications and security and insurance for the Macas office. 24/7 security was engaged late in the year to safeguard the Company's capital assets;

GEOCHEMISTRY:

- **$150,175** there was a significant increase in the number of samples sent to the lab for processing and assay; no similar activity was conducted in the prior year.

GEOPHYSICS:

- **$19,323** – the Company continues to interpret of heliborne magnetic survey from 2017 with assistance from an independent consultant; the survey was completed in Q4 2017;

CORPORATE SOCIAL RESPONSIBILITY:

- **$203,049** for consulting fees, field costs and travel and accommodation of the CSR team and associated community-orientated programs;

SUPPORT SERVICES (TORONTO):

- **$52,500** – see above for description of these costs – no change during Q4 2018.

LEGAL AND OTHER COSTS FOR CONCESSION MAINTENANCE:

- **$129,084** - the Company relies on local legal and other professionals to prepare the annual report and other documentation required to be submitted as ongoing concession maintenance – **see 4.4 Operations Review.** These costs in 2017 were captured under Costs Associated with acquisition of EcuaSolidus S.A. on the statements of loss.

4.5 SUMMARY OF QUARTERLY RESULTS

Quarters Ended	Net revenue ($)	Net Loss ($)	Loss per Share ($)
December 31, 2018	-	2,102,577	0.05
September 30, 2018	-	1,512,335	0.05
June 30, 2018	-	1,948,898	0.07
March 31, 2018	-	4,060,534	0.15
December 31, 2017	-	1,690,093	0.06
September 30, 2017	-	1,418,620	0.05
June 30, 2017	-	5,949,606	0.24
March 31, 2017	-	187,005	0.01

4.6 LIQUIDITY AND CAPITAL RESOURCES

The Company considers the capital that it manages to include share capital, share premium, warrants, contributed surplus and deficit, which at December 31, 2018 was a deficit of $(2,573,926) (December 31, 2017 - $(949,155)). The Company manages and adjusts its capital structure based on the funds needed in order to support the acquisition, exploration and development of mineral properties. Management does this considering changes in economic conditions and the risk characteristics of the underlying assets. There has been no change with respect to the overall capital risk management strategy during the year ended December 31, 2018.

The Company is not subject to externally imposed capital requirements by a lending institution or regulatory body, other than those of the 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 six months. As at December 31, 2018, the Company may not be compliant with the policies of the TSXV. The impact of this non-compliance is not known and is ultimately dependent on the discretion of the TSXV.

The Company's continued existence is dependent upon Management's ability to obtain the necessary financing to advance exploration on its Project. The following represent the main sources of funding during fiscal 2018:

Indebtedness

Promissory Note - Mineral Concessions Loan ("MCL1")

At the beginning of 2018, the Company owed $1,273,000, principal and interest, to the Lender for the balance of MCL1.

On April 2, 2018 the Lender settled $280,000 of MCL1 in consideration of exercising his 700,000 stock options, at $0.40 per option. Accordingly, the Company issued 700,000 common shares to the Lender in exchange for reducing the principal owing on MCL1 by USD217,168 ($280,000). On August 16, 2018 the Company repaid $500,000 of MCL1 to the Lender, as permitted. At December 31, 2018, the accrued interest owing on MCL1 is $34,347 (December 31, 2017 - $15,100).

On May 29, 2018 the Lender extended the maturity date of the MCL1 to May 29, 2019 and on January 28, 2019 the Lender agreed to further extend the maturity date of the MCL1 to May 29, 2020. **See 4.18 - Subsequent Events.**

For the year ended December 31,	2018	2017
Balance, beginning of year	**$1,273,000**	$-
Initial funds loaned USD2,000,000	-	2,703,560
Cash repayment on closing of the Transaction	-	(1,351,780)
Accrued interest for 2018/2017	**19,247**	15,100
Settlements of debt (cash and shares)	**(780,000)**	-
Foreign exchange translation loss	**67,668**	(93,880)
Balance, end of year	**$579,915**	$1,273,000

Convertible Debenture – Mineral Concession Loan ("MCL2")

On May 22, 2018 the Company issued a USD2,000,000 face value Convertible Debenture, due May 29, 2019 for net proceeds of $2,631,579. The Debenture accrues interest at 2% per annum, payable in cash at maturity. The principal amount may be converted at the option of the holder at any time during the term to maturity into a fixed number of 877,192 shares of Aurania's common stock. Because the instrument is denominated in USD, Management has concluded that this derivative financial instrument requires bifurcation and liability classification, at fair value. Current standards contemplate that the classification of financial instruments requires evaluation at each reporting date.

The following table reflects the allocation of the proceeds and subsequent reporting since the financing date:

For the year ended December 31,	2018
Balance, beginning of year	$-
Proceeds of MCL2	2,631,579
Embedded derivative at issue date of MCL2	(426,827)
Interest expense (accretion and coupon)	32,156
Amortization of debt discount	239,764
Balance, end of year	**$2,476,672**

The carrying value of the Debenture at December 31, 2018 is $2,444,516 (2017 - $nil) and accrued interest from inception to December 31, 2018 is $32,156. Discounts (premiums) are amortized through charges (credits) to interest expense over the term of the debt agreement. Amortization of debt discounts (premiums) amounted to $239,764 during the period from inception to December 31, 2018.

The carrying value of the embedded derivative liability is on the statement of financial position, with changes in the carrying value being recorded as derivative (gain) loss on the consolidated statement of loss, in the Annual Financial Statements. The fair value of the embedded derivative liability at December 31, 2018 was $435,390 and the loss on derivative for the period from inception to December 31, 2018 was $8,563.

On February 4, 2019 the Lender converted MCL2 into 877,192 common shares. **See 4.18 – Subsequent Events**.

Promissory Note - Other

In the year ended December 31, 2017, the Company relied on advances from the Lender in the amount of $207,972 which were fully repaid on May 29, 2017, as part of the settlement of $750,000 of cumulative promissory note advances, which was satisfied with the issuance of 375,000 shares of the Company in 2017.

Standby Letter of Credit and Restricted Cash

The Company has established a refundable reserve in the principal amount of $255,000 as a requirement of the payment clearing processor responsible for transmitting funds by credit card subscriptions in respect of the 2018

Offering. The reserve is invested in an interest-bearing guaranteed investment certificate issued by a Canadian Chartered Bank. The reserve is required to be in place until December 18, 2019. Accrued interest from inception to December 31, 2018 is $912.

Capital Financings

Capital financing activities in the Reporting Period generated a net cash inflow of $6,389,207 (after deducting $379,827 share issue costs) from:

- $4,061,973 from the 2018 Offering was comprised of Units priced at $2.00, with each unit consisting of a Common Share and a half warrant, with each full warrant, valid for 18 months, being the right to purchase a Common Share at a price of $3.00. The 2018 Offering closed in two tranches as follows:
  - Tranche 1 was for gross proceeds of $4,000,000 through the issue of 2,000,000 Units and closed on June 29, 2018;
  - Tranche 2 was for gross proceeds of $438,800 through the sale of 219,400 Units and closed on September 6, 2018;
- 1,030,000 stock options were exercised for proceeds of $460,000;
- A total of 700,000 stock options were exercised for consideration of $280,000 and the proceeds used to reduce debt **(see below);**
- 530,536 warrants from the 2017 Offering were exercised for proceeds of $1,591,608; and
- One of the agents who participated in the 2017 Offering exercised 41,650 Agents' Options. A payment of $2.00 per option ($83,300 in total) resulted in the issuance of 41,650 common shares and 20,825 warrants (with the same terms as the 2017 Offering warrants, including an expiry date of October 19, 2018)
- An additional 96,163 Agents' Options were exercised for $192,326; as a result, 96,163 common shares were issued to the agents. (No warrants were issued as the exercise occurred too close to expiry).

Funding Outlook

As the Company currently has no source of revenues or cash flow, periodic financings are required to advance exploration at the Project, to meet ongoing obligations and discharge the Company's liabilities in the normal course of business. As anticipated, the majority of the 2017 Offering financing was spent on Project acquisition, training and mobilizing the exploration teams, implementing a CSR program and establishing bases of operation, commencing exploration as well as conducting the heliborne geophysics survey over the Project area and environs.

The 2018 Offering was earmarked and principally used for continuing the reconnaissance exploration program and follow-up exploration to prepare targets for scout drilling, as well as for working capital purposes. On March 8, 2019, the Company completed the Rights Offering, which was made available to shareholders of record at February 4, 2019. The proceeds of the Rights Offering, before legal costs and commissions yielded $5,254,667 to readily available cash. These funds have been earmarked for the costs of scout drilling, payment of the 2019 concession fees, CSR and corporate costs in both Ecuador and Toronto. Management will most likely pursue additional financing to continue its scout drilling program through 2019; the sources of which may include equity issuances, short-term loans and the exercise of warrants and stock options.

4.7 EQUITY

Activity in the Company's equity accounts is more fully described in **notes 10 to 12** in the Annual Financial Statements.

Share Capital

Activity during the year ended December 31, 2018 included:

	# Shares	Par Value	Share Premium
Balance – December 31, 2017	**27,385,625**	**$273**	**$13,019,518**
Shares issued for private placement	2,219,400	22	4,061,951
Shares issued for exercise of options	1,730,000	18	1,272,070
Shares issued for exercise of warrants	530,536	5	1,840,380
Shares issued for exercise of agents' options	137,813	1	409,023
Shares issued for RSU's	33,500	-	17,047
Fair value of warrants issued	-	-	(636,810)
Balance – December 31, 2018	**32,036,874**	**$319**	**$19,983,179**

Stock Options

Stock option activity during the year ended December 31, 2018 included:

	Number of Options	Weighted Average Exercise Price	Estimated Fair Value
Balance - December 31, 2017	**2,695,000**	**$0.80**	**$1,134,838**
Issued	250,000	2.89	406,223
Issued	300,000	2.68	423,719
Exercised	(1,700,000)	(0.40)	(506,294)
Exercised	(30,000)	(2.00)	(25,794)
Issued	1,260	3.00	1,168
Stock-based compensation expense	-	-	372,992
Balance – December 31, 2018	**1,516,260**	**$2.92**	**$1,806,852**

The following summarizes the stock options outstanding at December 31, 2018:

Issued Number of Options	Exercisable Number of Options	Exercise Price	Expiry Date	Estimated Fair Value
30,000	30,000	$2.00	May 3, 2019	$25,792
1,260	1,260	$3.00	May 26, 2020	1,168
415,000	415,000	$0.60	July 13, 2021	218,238
150,000	100,000	$2.30	May 26, 2022	254,797
370,000	246,667	$2.00	November 2, 2022	476,915
250,000	83,250	$2.89	March 2, 2023	406,223
300,000	100,000	$2.68	April 5, 2023	423,719
1,516,260	**976,177**			**$1,806,852**

Restricted Stock Units ("RSU's")

The following summarizes the RSU activity during the year ended December 31, 2018:

	Number of RSUs	Weighted Average Fair Value	Estimated Fair Value
Balance – December 31, 2017	**124,500**	**$1.35**	**$23,363**
RSU's cancelled	(24,000)	(0.71)	(25,343)
Shares issued for RSU's	(33,500)	(0.38)	(17,047)
Stock-based compensation expense	-	1.69	151,608
Balance – December 31, 2018	**67,000**	**$1.98**	**$132,581**

The contractual life remaining for RSU's at December 31, 2018 is 2.25 years (December 31, 2017 – 2.84) years. The RSU's were not included in the computation of diluted net loss per share for the periods presented as they are anti-dilutive.

Warrants

The following summarizes the warrants and agents' options activity and warrants outstanding for the year ended December 31, 2018:

Issued Number of Warrants	Exercise Price	Expiry Date	Estimated Fair Value
1,069,909	$3.00	October 19, 2019	$501,699
1,000,000	$3.00	December 29, 2019	525,000
79,442	$3.00	December 29. 2019	43,810
109,700	$3.00	March 6, 2020	53,000
2,259,051			**$1,123,509**

	Number of Warrants/ Agents' Options	Weighted Average Exercise Price	Estimated Fair Value
Balance – December 31, 2017	**1,744,645**	**$2.92**	**$883,874**
Exercised	(530,536)	$(3.00)	(248,777)
Exercised Agents' options	(137,813)	$(2.00)	(127,489)
Cancelled Agents' options	(6,387)	$(3.00)	(5,909)
Issued upon exercise of agents' options	20,825	$3.00	15,000
Issued	1,000,000	$3.00	525,000
Issued	79,442	$3.00	43,810
Issued	109,700	$3.00	53,000
Expired brokers' warrants	(20,825)	$3.00	(15,000)
Balance – December 31, 2018	**2,259,051**	**$2.92**	**$1,123,509**

(2) The warrants expire December 29, 2019
(3) The warrants expire March 6, 2020

4.8 KEY MANAGEMENT COMPENSATION EXPENSE

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 ("Key Management").

The remuneration of Key Management during the Reporting Period was as follows, with further detail being provided in **note 13 – Key Management Compensation Expense**, in the Annual Financial Statements:

For the year ended December 31,	**2018**	2017
Management fees, corporate	**$279,803**	$243,040
Management fees, technical	**256,306**	284,169
Director and advisor fees	**68,396**	63,375
Stock-based compensation, Key Management	**1,116,860**	423,638
Total key management compensation expense	**$1,721,365**	$1,014,222

4.9 RELATED PARTY TRANSACTIONS

Related parties include the Board of Directors, Officers, close family members and enterprises that are controlled by these individuals as well as certain persons performing similar functions.

During the years ended December 31, 2018 and 2017, Aurania completed the following transactions:

The President, CFO and VPX are retained by Aurania pursuant to renewable consulting contracts. More details of the contracts are disclosed **in notes 15 – Related Party Transactions** and **note 18 – Commitments and Contingencies** in the Annual Financial Statements**.**

Management believes that the compensation paid to executives and non-executive staff is market competitive and determined appropriate to their skills, judgment and levels of responsibility. Any sums owing to the related parties at the reporting dates are unsecured, non-interest bearing and due on demand.

(a) A total of $150,000 (2017 - $96,750), plus applicable taxes was charged to the Company by a management company controlled by the President, on account of management consulting fees.

(b) A total of $75,000 (2017 - $66,250), plus applicable taxes was charged to the Company by a management company controlled by the Chief Financial Officer ("CFO"), on account of accounting consulting fees.

(c) A total of $201,742 (2017 - $158,607) was charged to the Company by a company controlled by the VPX, on account of Project Management consulting fees and government prescribed benefits. The fees paid in 2017 were related to a partial year and his contract is denominated in USD.

(d) A total of $68,396 (2017 - $63,375) has been recorded as directors' and advisor fees. Included in accounts payable and accrued liabilities at December 31, 2018 is $20,003 (December 31, 2017 – $11,250) owed to the directors for unpaid directors' fees.

Non-executive staffing, office space and telecommunications in Toronto are provided by a company controlled by a director/principal shareholder of the Company ("ServiceCo"). Accordingly, certain services such as office space, financial administration, corporate and investor relations and marketing, translation and project legal, other administrative and IT services (the "Base Services") are provided at a pre-determined monthly fee.

(e) During the year ended December 31, 2018, the Company incurred $42,500 per month for the Base Services. These monthly costs were allocated in the consolidated financial statements as follows: $18,000 to office and general (including rent and administrative), $7,000 for investor relations, marketing and IT and $17,500 was charged to exploration expenses – office. Further, a one-time catch-up billing in the amount of $36,340 was charged to the Company during this period, for unbilled services provided from 2017. Included in accounts payable and accrued liabilities at December 31, 2018 is $82,500 (December 31, 2017 - $55,162) owed for unpaid services.

From January 1 to September 30, 2017, the Company paid a total of $201,235 for the Base Services and these costs were allocated in the consolidated financial statements as follows: $53,800 to office and general for rent, $80,500 (for marketing and telecommunications) to investor relations and $66,935 to professional and administration fees.

From October 1 to December 31, 2017 a total of $90,561 (2016 - $nil) was charged for the Base Services provided and costs were allocated in the consolidated financial statements as follows: IT and marketing under Investor Relations $25,411, legal project management under Professional and Administrative $18,933, Controller services under Professional and Administrative $9,605 and rent under office $36,612. Included in accounts payable and accrued liabilities at December 31, 2017 is $55,162.

Aurania shares the office space with other public companies and where practicable, the Base Services available to the Company and the other clients, are shared and billed accordingly.

4.10 OFF-BALANCE SHEET TRANSACTIONS

There are no off-balance sheet transactions contemplated at this time.

4.11 PROPOSED TRANSACTIONS

From time to time, like other mineral exploration enterprises, the Company may evaluate, acquire or dispose of property assets, or form business relationships such as joint ventures, as determined by Management, based on exploration results, opportunities, the competitive nature of the business, and capital availability.

4.12 ESTMA REPORTING

The *Extractive Sector Transparency Measures Act* (the Act) was enacted on December 16, 2014, and brought into force on June 1, 2015. The Act delivers on Canada's international commitments to contribute to global efforts to increase transparency and deter corruption in the extractive sector by requiring extractive entities active in Canada to publicly disclose, on an annual basis, specific payments made to all governments in Canada and abroad. Reports are made annually within 150 days after year end. Therefore, the F2018 ESTMA report will include the USD2,004,923 ($2,612,433) for mineral concession fees that were paid to the Ecuadorian State in 2018.

4.13 CHANGES IN ACCOUNTING POLICIES AND FINANCIAL INSTRUMENTS

Changes in Accounting Policies

During the year ended December 31, 2018, the Company adopted the following policy:

Compound financial instruments

The components of compound financial instruments are classified separately as financial liabilities and equity in accordance with the substance of the contractual arrangement. The conversion feature of the convertible debentures issued does not meet the criteria for equity classification and accordingly, is accounted for as an embedded derivative liability. The derivative liability is calculated first, and the residual value is assigned to the debt component.

Subsequent to initial recognition, the embedded derivative component is re-measured at fair value at each reporting period with the changes in fair value recognized in operations. Subsequent to initial recognition, the liability component is accounted for at amortized cost using the effective interest rate method until the instrument is converted, or the instrument matures. The liability component accretes up to the principal balance at maturity. Any directly attributable transaction costs are allocated to the liability and equity components in proportion to their initial carrying amounts.

The Company also adopted other new IFRS standards, interpretations, amendments and improvements of existing standards including IFRS 9 and IFRIC 22, however these new standards and changes did not have any material impact on the Company's Annual Financial Statements.

Financial Instruments

IFRS requires that the Company disclose information about the fair value of its financial assets and liabilities. The Carrying amounts of cash and restricted cash, receivables, accounts payable and accrued liabilities, promissory notes and convertible debenture 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.

The Company does have a derivative financial instrument and it is detailed in note 9 in the Annual Financial Statements, which is carried at fair value.

4.14 FINANCIAL INSTRUMENTS AND MANAGEMENT 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). Risk management is carried out by Management with guidance from the Audit Committee under policies approved by the Board. The Board also provides regular guidance for overall risk management. There have been no significant changes in the risks, objectives, policies and procedures during the reporting period.

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 has no significant concentration of credit risk arising from its operations. Cash is held at select Canadian, Swiss and Ecuadorian financial institutions, from which Management believes the risk of loss to be low. The Company does not have any material risk exposure to any single debtor or group of debtors.

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 enough readily available cash to continue operations and meet its financial obligations as they become due**. See 4.6 Liquidity and Capital Resources**.

As at December 31, 2018, the Company has available cash of $817,021 to settle $3,882,210 of liabilities. The liquidity risk at December 31, 2018, is therefore material.

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.

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.

Foreign currency risk

Certain of the Company's expenses are incurred in USD and CHF and are therefore subject to gains or losses due to fluctuations in these currencies relative to the Canadian Dollar, in which currency funds are raised through equity placements. Management believes that the foreign exchange risk derived from currency conversions is best served by not hedging its foreign exchange risk.

At December 31, 2018 and December 31, 2017, the Company's exposure to foreign currency risk with respect to amounts denominated in USD and CHF was substantially as follows:

In Canadian $ equivalents	**December 31, 2018**	December 31, 2017
Cash	**$29,301**	$8,393
Accounts payable, accrued liabilities and promissory note	**(773,638)**	(1,391,262)
Convertible debenture	**(2,912,062)**	-
Net exposure	**$(3,656,399)**	$(1,382,869)

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, silver, copper and other 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 December 31, 2018, and December 31, 2017, the Company was not a metals commodity producer.

Sensitivity analysis

As of December 31, 2018 and 2017, both the carrying and fair value amounts of the Company's financial instruments are approximately equivalent due to their short-term nature.

Based on Management's knowledge and experience of the financial markets, the Company believes that a 10% strengthening of the Canadian dollar against the USD and the CHF at December 31, 2018 would have increased the net asset position of the Company by $365,640 (December 31, 2017 – $138,287). A 10% weakening of the Canadian dollar against the same would have had an equal but opposite effect.

4.15 RISKS AND UNCERTAINTIES

Although Management attempts to mitigate risks associated with exploration and mining and minimize their effect on the Company's financial performance, 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 the hazards and risks normally associated with mineral exploration and the development of deposits, some of which may include work stoppages, damage to property, and possible environmental damage. Mining involves a high degree of risk and few properties that are explored are ultimately developed into producing mines. None of the properties in which Aurania has an interest has a defined orebody and there is no assurance that any of Aurania's mineral exploration and development activities will result in the discovery of a commercially viable mineral deposit. Exploring in a foreign jurisdiction subjects the Company to additional risks including potential political change, changes in law or policies, inability to obtain permits or delays in obtaining them, 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.

Corporate Social Responsibility

The Company has engaged a professional CSR company to assist in the development and implementation of a CSR strategic framework that allows for collaboration with key stakeholders in a non-confrontational and respectful manner.

Ability of Community Stakeholders to Impede Project Success

The Company recognizes that it is crucial that it engages with key constituency groups to mitigate the social and business risk associated with exploration on properties owned by non-shareholding stakeholders. The Company has implemented a comprehensive CSR program as a fundamental component of its activities in the Project.

Property Title

Property title may be jeopardized by unregistered prior agreements or by the Company not fully complying 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 that challenges to the titles may not emerge.

Environmental Matters

The Company's exploration activities are subject to various laws and regulations governing the protection of the environment. The Company believes that its operations are materially in compliance with all applicable laws and regulations. However, the Company has engaged, and is reliant upon, an environment specialist consultant to keep the Company informed and compliant with respect to environmental rules and regulations.

Foreign Country Risk

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

The Company mitigates foreign country risk by keeping apprised of Ecuador'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 Company's ability to operate or impact the financial results of the Company.

Capital and Financial Management Risk

See Financial Management Risk.

4.16 COMMITMENTS AND CONTINGENCIES

Environmental Contingencies

The Company conducts its operations so as to protect public health and the environment and believes that its operations are materially in compliance with all applicable laws and regulations.

Consulting Agreements and Service Costs

The President provides management services to the Company through a personal management company pursuant to a one-year, renewable consulting agreement. The President's annual compensation is $150,000. Should the Company effect early termination of the agreement, a three-month notice period is required, and the President would be entitled to an additional lump-sum cash payment equal to six months of monthly retainer fee. Should the President's agreement be terminated due to a change of control, additional compensation would be payable to a maximum of two years' retainer fees and any unvested options would vest immediately.

The Company's CFO provides financial/accounting and corporate secretarial services to the Company pursuant to an annual, renewable consulting agreement through a personal management company. The CFO's annual compensation is $75,000. Early termination of the agreement requires 90 days' written notice by either party.

The Company's VPX provides geological/technical consulting services to the Company, through ESA, pursuant to a consulting agreement. The VPX's annual compensation is USD124,188 plus benefits. Should the Company terminate his contract without cause or if he is constructively dismissed, on or before January 1, 2021, he is entitled to receive six months' salary plus an additional 25% of his monthly salary for each year or fraction of a year, worked for ESA. If early termination occurs after this date, he will receive 125% of one-month's salary for each year or fraction of a year worked for ESA.

The Company runs its CSR program under the guidance of a Toronto consulting firm, in tandem with the Project exploration program. Compensation for services provided by the consultants is stipulated at $1,000 per diem for 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. Either party may terminate the CSR Contract with 30 days' written notice.

On March 2, 2018, the Company appointed Mr. Alfred Lenarciak as an independent special financial advisor to the Board. His compensation was $15,000 per annum and the Board granted to him, 150,000 five-year stock options, with an exercise price of $2.89. At the ASM held June 13, 2018, Mr. Lenarciak joined the Board of Directors. Upon becoming a director, Mr. Lenarciak's advisory engagement was terminated.

On October 9, 2018, the Company entered into a capital markets support agreement (the "Agreement") with Noble Capital Markets Inc. ("Noble"), a Florida corporation. Noble has been engaged to assist the Company by broadening the Company's exposure within the U.S. and Latin American investment communities. The Company has agreed to pay to Noble – USD111,000 in the first year, paid as follows: USD21,000 paid upon signing the Agreement and USD30,000 paid each three-month period thereafter, throughout the term of the Agreement. The Agreement commenced on October 1, 2018 ("Commencement Date") and will terminate on the second anniversary, unless extended as by mutual agreement. After a period of eight (8) months following the Commencement Date, the Agreement may be terminated by either party at any time, with or without cause, upon 30 days' prior written notice to the other party.

See 4.9 Related Party Transactions for Service Agreements

See 4.18 Subsequent Events

4.17 INCOME TAXES

See note 19 – Income Taxes in the Annual Financial Statements.

4.18 SUBSEQUENT EVENTS

Engagement of an Advisor

Effective January 16, 2019, the Company engaged a senior level financial consultant, on a part time basis, to serve as an advisor (the "Consultant") to the Company. The Consultant's mandate includes the development of standard governance and compensation polices, internal controls plan, and risk management and financing strategies. The Consultant's initial engagement is for six months (the "initial term"), at the end of which Management will consider his joining the Company, on a permanent basis. This process may be accelerated. His compensation is $12,000 per month and concurrent with signing the agreement, the Consultant was granted up to 180,000 stock options at $3.40 per share. 75,000 of the options will vest at the end of six months and the balance will vest over two years should the Consultant remain with the Company on a permanent basis.

Further on this date, the Company granted an aggregate of 48,000 stock options to two senior employees of ESA. These are five-year options that vest over two years from the date of grant. The exercise price is $3.40 per share.

Repayment and Conversion of Convertible Debenture

On January 28, 2019 the Company announced the issuance of 877,192 common shares from treasury in connection with the repayment of a USD2.0 million convertible debenture issued by the Company to Dr. Barron on May 26, 2018. As dictated by the terms of the Debenture, the unpaid principal amount of USD2.0 million, was converted into common shares at the conversion price of $3.00 per common share , fixed at the March 20, 2018 Bank of Canada exchange rate of USD0.76 to $1.00 such that the maximum number of common shares to be issued upon the exercise of the conversion right would be 877,192 common shares.

Extension of Promissory Note

On January 28, 2019 and concurrent with the below-described rights offering, the Company announced that it had negotiated a further extension of the 2017 Promissory Note with Dr. Barron, deferring the maturity date from May 29, 2019 to May 29, 2020 (the "New Maturity Date"), whereupon the principal amount and any accrued interest will be payable to Dr. Barron. The Company is currently indebted to Dr. Barron for $579,915, pursuant to the 2017 Promissory Note. All other terms of the Promissory Note remain in full force and effect.

Rights Offering

On March 8, 2019, the Company announced that it had completed a rights offering ("Rights Offering") for $5,254,667 (gross) with the issuance of 1,946,172 common shares at $2.70 per share. Eligible registered brokers were entitled to a commission of 3%, and the cash paid for commissions was $106,471.

The Rights Offering provided eligible shareholders the rights (the "Rights") to purchase common shares at the close of business on the record date of February 4, 2019, on the basis of one right for each common share held. For every fourteen (14) Rights held, eligible shareholders could subscribe for one common share of the Company upon payment of the subscription price of $2.70 per common share (the "Exercise Price"). The Company intends to use the net proceeds of the Rights Offering to fund exploration expenses, including scout drilling, concessions fees to maintain the Lost Cities – Cutucu Project in Ecuador in good standing, and general and administrative expenses.

Stand-By Commitment

In connection with the Rights Offering, the Company entered into a stand-by purchase agreement with Dr. Keith Barron, Chairman and Chief Executive Officer of the Company, for a commitment amount of $4,000,000 (the "**Stand-By Commitment**"). As a result, Dr. Barron exercised his rights' entitlement for the purchase of 1,385,790 common shares and purchased an additional 95,691 common shares from the 'Additional' shares pool, as agreed. Both the basic and additional shares were purchased for $2.70 per share.

Payment of 2019 Mineral Concession Fees

Between March 13 and 15, 2019, a total of USD2,046,475 ($2,727,235) was paid to the Ecuador government, as payment in full for the renewal of the Mineral Concession Fees for the Company's 42 concessions.

4.19 QUALIFIED PERSON

The foregoing and technical information contained has been prepared or reviewed by Dr. Richard Spencer, President and Director, who is a registered Professional Geoscientist in Ontario (P.Geo) and is registered as a Chartered Geologist in the UK, and is a "Qualified Person" for the purposes of National Instrument 43-101, Standards of Disclosure for Mineral Projects of the Canadian Securities Administrators.

4.20 SHARE DATA

As at	Common Shares	Warrants (1)	Agents' Options and Warrants	Stock Options (1)	RSUs4)	Fully Diluted
December 31, 2017	27,385,625	1,600,445	144,200	2,695,000	124,500	31,943,383
December 31, 2018	32,036,874	2,179,609	79,442	1,516,260	67,000	35,879,185
April 17, 2019	34,925,238	2,124,609	79,442	1,734,260	67,000	38,930,549

(1) Subsequent to year-end, a total of 55,000 warrants were exercised for proceeds of $165,000, and 10,000 stock options were exercised for proceeds of $20,000.