



AURANIA

AURANIA RESOURCES LTD.

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

For the Three Months Ended March 31, 2020

(Expressed in Canadian Dollars unless otherwise indicated)



1 INTRODUCTION

Aurania Resources Ltd. (“Aurania” or the “Company”) is a publicly traded junior mineral exploration company engaged in the identification, evaluation, acquisition, and exploration of mineral property interests, with a focus on precious metals and copper in South America. Aurania’s principal asset is a 100% holding of the Lost Cities – Cutucu project (“Lost Cities Project”) that covers approximately 208,000 hectares (“Ha”) in southeastern Ecuador. This Management’s Discussion and Analysis (“MD&A”) is a review of the financial condition and results of operations by the management (“Management”) of Aurania for the three months ended March 31, 2020 (the “Reporting Period”). This MD&A is prepared as at May 26, 2020, unless otherwise indicated, and should be read in conjunction with the unaudited condensed consolidated financial statements for the three months ended March 31, 2020 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 is 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 related with exploration concepts 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, silver and copper), currency rates (such as the Canadian Dollar (“\$”) and Swiss Franc (“CHF”) and the United States Dollar (“USD”) and Peruvian Sol (“SOL”)), 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 sites, 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 has 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 assist 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 Q1 2020 HIGHLIGHTS

Exploration

All field work was suspended and all office locations, including the corporate office, were closed with staff relocating to work from remote location as a precaution to mitigate the spread of the COVID-19 virus. All field teams were withdrawn from the operational area by March 21, 2020. At the date of this MD&A, field teams had not re-entered the Lost Cities Project area in respect of restrictions imposed by the central, provincial and canton governments.

- **Reconnaissance exploration:**
 - Reconnaissance exploration has been completed 51% of the 207,764Ha concession area. This program has resulted in the definition of the following targets:
 - 20 epithermal targets for gold and silver;
 - Sedimentary-hosted high-grade copper-silver in sporadic exposures through thick jungle cover over 23 kilometers (“km”);
 - 8 targets for intrusive-related copper; and
 - Silver-zinc-lead mineralization with barite has been identified in sporadic outcrops along a trend of 15km.
- **Geophysics:**
 - Inversions of the magnetic data acquired in the 2017 heliborne geophysics survey were used to constrain the possible location of a diatreme in the Yawi target area. The location of the diatreme is of exploration significance because it contains fragments of porphyry and epithermal quartz, indicating that epithermal and porphyry targets could be located at its margins.
 - Detailed review of the 64 individual targets identified in geophysical data from the Lost Cities Project continues – the objective being to refine additional copper and or copper/gold porphyry targets. Of these 64 targets, 31 were identified as having high priority and eight of these have been field-checked and show evidence of copper-mineralization and/or intense alteration.
- **Follow-up exploration:**
 - Epithermal targets for gold-silver:
 - Mapping at Apai identified an area of vuggy silica with silver values up to 4.2g/t and slightly anomalous gold (up to 50ppb) and relict sinter surfaces were identified in another two areas. The target areas lie at the contact between lavas of the Santiago Formation and carbonate-bearing units of the overlying Chapiza Formation. Targets at Apai, therefore, lie at a similar stratigraphic position as the Fruta del Norte gold-silver deposit;
 - Detailed field investigation following vectors derived from the scout drilling at Yawi confirmed the presence of a diatreme breccia to the southeast of the area drilled. The diatreme breccia contains fragments of porphyry with copper mineralization (chalcopryite and malachite) and vuggy silica, which is typical of epithermal deposits. The exploration model is that the diatreme cut through a copper porphyry as well as an epithermal system; and
 - Initial geological mapping at Tiria South was interrupted by the COVID-related extraction of personnel from the Lost Cities Project area. The area in which elevated levels of pathfinder elements were found is an area of black shale. Windows of mafic lava in the east of the area are altered with chlorite and locally developed kaolinite. The alteration highlights the potential of the volcanic unit as a target for gold and silver in quartz veins beneath the black, reduced rocks;
 - Sediment-hosted copper-silver targets: The focus remains on determining the continuity of mineralization within specific sedimentary layers through mapping and soil sampling in the Tsenken and Kirus target areas;
 - Intrusive-related copper targets:
 - Soil was sampled in a 100m x 100m grid in the Tsenken N1 target area with copper enrichment detected over a 400m long zone that is open to the east;
 - The Tsenken N3 target was systematically soil sampled and mapped in preparation for potential scout drilling. Copper enrichment was found in soil over an area 1.7km long and 300m



wide. That area also contains consistent, albeit low-level gold and molybdenum that are typical pathfinders or potential by-products of porphyry copper systems. A second area of copper gold-molybdenum enrichment in soil was detected over an area of 300m x 200m and is open to the north.

- **Scout drilling:**
 - The first phase of scout drilling on the Yawi epithermal target (3,010m drilled in 7 drill holes) was undertaken between October 24, 2019 and February 8, 2020:
 - Target A: two holes (YW-001 and 002) were completed for 1,093m;
 - Target B: three holes (YW-003, 006, and 007) were completed for a total of 1,053m; and
 - Target C: two holes (YW-004 and 005) were drilled for a combined 864m;
 - Crunchy Hill: scout drilling was conducted between March and May, 2019, with nine diamond drill holes completed for 3,204m. In February, 2020, an additional bore hole (CH-010) was drilled to a depth of 401m to test a target at greater depth than originally drilled.
- **Other exploration initiatives:**
 - Metron: On June 28, 2019, the Company contracted Metron Incorporated (“Metron”) to assist in the search for the “Lost Cities” (16th Century mining sites) by applying Bayesian Search Theory to the historic and scientific exploration data from the Lost Cities Project. An early update on this approach was provided on September 26, 2019. Further updates will be provided as data sets are added to the analysis. The principal objective of the work is to identify geographic areas with the highest likelihood of containing the Lost Cities (gold mining areas) of Logroño and Sevilla. Findings from the interpretation of LiDAR imagery is being incorporated in this analysis. An additional objective is to extend this mathematical approach to the Company’s exploration data to identify targets that may have been overlooked in conventional exploration analysis techniques – and new data from the exploration program is periodically being added to the analysis; and
 - LiDAR: A contract was signed with VeriDaas on July 16, 2019 to undertake a detailed LiDAR survey of the whole Lost Cities Project area. Operational problems with VeriDaas’ equipment led to the signing of a contract to fly heliborne LiDAR over seven priority target areas on February 3, 2020 and data acquisition was completed on March 8, 2020. Processed data has been delivered to the Company for interpretation and integration with its other data sets. A specialist consultant, Michael Baker, is undertaking a detailed review of the imagery to provide detailed geological interpretation maps as well as identifying features that may be anthropological in origin.

Corporate Social responsibility (“CSR”)

- Formal access agreements have been signed with 59% of the communities in the Lost Cities Project area, providing access to 60% of its surface area, and discussions with other communities are on-going;
- The Company helped with the distribution of factual information regarding the COVID-19 virus, prepared by Ecuador’s Ministry of Health, to communities in its area of influence by having the material translated into the Shuar language and distributing copies, as well as through radio broadcasts;
- In response to the travel restrictions imposed by the Ecuadorian government and the dearth of employment opportunities during the COVID pandemic, Aurania purchased and delivered dry food including rice, lentils, beans and canned fish to the communities within the area of influence of the Lost Cities Project subsequent to quarter-end. Two food deliveries were made as follows:
 - April 3-6: 8 tonnes of food were delivered to 970 families in 44 communities;
 - April 27-29: 10 tonnes of food were delivered to 1,292 families in 49 communities. The second relief effort was made in conjunction with the Step Forward Foundation, the Ministry of Social Inclusion with the help of the logistics arm of the Ecuadorian military.

Environment & Water

- Revegetation of the drill platforms was completed at Yawi before all personnel left the field. The Company received confirmation from the Ministry of the Environment that the restoration of the drill platforms meets the ministry's requirements;
- Application for the water-use permits required for scout drilling, has been made for 39 off-take points near high-priority targets that are being prepared for scout drilling;
- The Company received ISO14001 accreditation for the environmental aspects of its exploration on March 10, 2020.

Mineral Property Interests

- **Mineral Concessions - payment of 2020 fees**
 - A total of USD2,077,640 (CAD 2,785,907) was paid in concession fees to the Ecuadorian government. Concession fees are a key part of maintaining the 42 concessions that constitute the Lost Cities Project, in good standing;
- **Mineral Concessions - fees in Peru and Advance for mineral property interests**
 - In late 2019 the Company applied to the Peruvian Mining and Metallurgical Geological Institute "INGEMMET" for 419 mineral concessions. The processing of the applications is a slow process, which has been delayed further by the COVID-related restrictions in Peru.

NI 43-101 Technical Report

- The Company filed a National Instrument 43-101 report entitled "A Technical Review of the Lost Cities – Cutucu Exploration Project, Morona-Santiago Province, Ecuador" with Effective Date of December 21, 2019, dated February 4, 2020, by independent consulting group Watts Griffis and McOuat Geological and Mining Consultants, of Toronto, Canada.

Finance

- During the quarter ended March 31, 2020, the Company raised \$6,709,381 principally through a Non-Brokered Private Placement as well as through the exercise of warrants and stock options, requiring the issuance of 2,246,889 shares and subsequent to the period end extended the maturity date of the Promissory note - Mineral Concessions Loan ("MCL1") from May 29, 2020 to May 29, 2021 .

Personnel

- On February 14, 2020 Aurania announced Carolyn Muir as VP Investor Relations;
- The Company entered into a full-time employment agreement with its President, CFO and VP-Investor Relations; and
- Mr. Alfred Lenarciak, an Independent director since June 2018, was appointed as Lead Director.

4 SELECTED ANNUAL INFORMATION

	Three months ended March 31, 2020	Year ended December 31, 2019
Cash	\$5,120,411	\$5,229,341
Total assets	6,188,582	6,323,263
Total liabilities	5,276,495	4,925,812
Shareholders' equity (deficiency)	912,087	1,397,451
Deficit	\$(49,842,994)	\$(42,096,918)

The significant changes in the selected annual information resulted from the completion of a Non-Brokered Private Placement for \$6.39 million net of issue costs that improved the cash position. The change in deficit is discussed in detail in Section 6 Three months ended March 31, 2020, compared to three months ended March 31, 2019.

5 DISCUSSION OF OPERATIONS

5.1 Exploration

Mineral Concessions and Obligations

The Company acquired the rights, title and 100% interest in the Lost Cities Project, comprised of 42 mineral concessions covering 207,764Ha in southeastern Ecuador, on May 26, 2017. The concessions were granted on December 27 and 28, 2016, and are valid for 25 years, renewable for a subsequent 25-year period, provided that the concessions are maintained in good standing.

Mineral concessions in Ecuador are currently regulated according to the following phases:

- up to four years of “Initial Exploration”;
- up to four years of “Advanced Exploration”;
- up to two years of “Economic Evaluation” of any deposit identified, which can be extended for an additional two-year period; and
- thereafter, the concessions are in the “Exploitation Phase”.

Key requirements for maintaining the concessions in good standing have been met as follows:

- 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, 2018; and
 - Expenditure on the concessions was required to have exceeded the larger of the USD5.00/Ha (USD1,038,820) stipulated 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 Year 1 was USD3,354,497, which 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, 2019; and
 - Expenditure on the concessions was required to have exceeded the larger of the USD5.00/Ha (USD1,038,820) stipulated 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 Year 2 was USD4,396,820, which exceeded the committed minimum expenditure.
- Year 3 (up to December 2019, and to be reported by March 31, 2020):
 - Concession fees of USD2,046,475 (USD9.85/Ha) which were paid by March 31, 2019; and
 - Expenditure on the concessions was required to exceed the larger of the USD10.00/Ha (USD2,077,640) required by law or the USD2,098,000 committed by the Company. The Company reported expenditure of USD5,116,155 on the concessions in the year ended December 31, 2019, reported in its annual technical reports filed by March 31, 2020.
- The Environmental Registration and Environmental Management Plan required from the Ministry of the Environment for exploration of the concessions were received on June 30, 2017, and both are valid for the 4-year term of Initial Exploration. These documents were updated to incorporate plans for scout drilling and were approved on June 10, 2019. The updated Environmental Registration and Environmental Management Plan provide permission for scout drilling on all of the concessions to a maximum for 20 drill pads per concession during Initial Exploration.

Year	Concession Fees (USD)	Expenditure Required (USD)	Committed Expenditure (USD)	Actual Expenditure (USD)
1 (2017)	1,973,198 ¹	1,038,820 ²	1,060,000 ²	3,354,497
2 (2018)	2,004,923 ¹	2,077,640 ²	1,090,000 ²	4,396,820
3 (2019)	2,046,475 ¹	2,077,640 ²	2,098,000 ²	5,116,155
4 (2020)	2,077,640 ¹	2,077,640 ²	2,081,800	Will be reported in March 2021

¹ Paid ² Requirement satisfied

The size of the concession area constituting the Lost Cities Project may be reduced at the Company's discretion. The high annual concession fees provide a strong incentive to reduce the size of the Lost Cities Project area. The national concession application process was closed in December 2017 for government administrative purposes. Consequently, no new concessions may be added to the Lost Cities Project area at this time. The Vice Minister of Mines recently indicated that the cadastre is likely to be re-opened in Q4, 2020, but only to process applications that had been submitted just prior to closing of the cadastre. The reopening of the cadastre for new applications is likely to occur in Q1, 2021. Mineral concessions may be cancelled by the State for various reasons, principally as a result of negligence or misrepresentation on the part of the entity which holds the concessions.

Future Mineral Concession Maintenance Requirements

Maintenance of the full 42-concession package through the Initial Exploration phase requires the following estimated expenditure for the fourth year of the Initial Exploration phase (summarized in the Table above):

Year 4 (up to December 2020, and to reported by March 31, 2021):

- Concession fees of USD2,077,640 (USD10/Ha), which were paid by March 31, 2020; and
- Expenditure on the concessions must exceed the larger of the USD10.00 (USD2,077,640) required by law or USD2,081,800 committed by the Company in the annual report for each concession submitted 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. Management is currently evaluating which parts of the 42-concession package are to be maintained and carried into the Advanced Exploration phase. Hence the required minimum expenditure on the areas to be carried into Advanced Exploration cannot be estimated by Management at the reporting date.

The Company engages a third-party accounting firm and legal counsel to ensure that the filings are completed and remitted on a timely basis.

Reconnaissance Exploration

The Company's regional exploration program involves blanket coverage of the Lost Cities Project in a stream sediment sampling program. 51% of the Lost Cities Project area has been covered to date. Analysis of these samples is used to identify areas of metal enrichment in the catchment basin associated with each sample point. 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 and LiDAR features, where available. During the quarter, 101 stream sediment and 79 pan concentrate samples were taken for analysis.

A summary of the targets identified in the reconnaissance exploration program to-date is provided in the following Table. A new epithermal target has been identified by reconnaissance exploration.

#	Target	Target Commodity	Target definition			Scout Drilling
			Ridge-&-spur soil sampling	Grid soil sampling	Mapping	
		Epithermal				
1	Crunchy Hill	Gold-silver	✓	✓	✓	Undertaken Q2, 2019 & Q1, 2020
2	Yawi A		✓	✓	✓	Undertaken Q1 2020
3	Yawi B		✓	✓	✓	Undertaken Q1 2020
4	Yawi C		✓	✓	✓	Undertaken Q1 2020
5	Yawi D		✓	✓	In Progress	
6	Yawi E		✓	✓	In Progress	
7	Yawi F		✓	✓	In Progress	

#	Target	Target Commodity	Target definition			Scout Drilling	
			Ridge-&-spur soil sampling	Grid soil sampling	Mapping		
8	Apai		✓	In Progress	In Progress		
9	Latorre A		✓	In Progress			
10	Latorre East						
11	Latorre West						
12	Tinchi						
13	Tiria North		✓				
14	Tiria East		In Progress				
15	Tiria South		✓	✓	In Progress		
16	Tiria West		✓				
17	Chapi West						
18	Chapi South						
19	Tsanimp						
20	Tumpain West						
Sediment-hosted							
1	Tsenken	Copper-silver	✓	✓	✓		
	Tsenken N - W				✓	In Progress	
3	Kirus		✓				
Intrusive-related							
1	Awacha	Copper or copper-gold					
2	Jempe						
3	Tsenken			✓			
4	Tsenken N1			✓		✓	
5	Tsenken N2			✓		✓	
6	Tsenken N3			✓		✓	
7	Kirus						
8	Yawints						
“Manto”-type							
1	Shimpia – 15km trend	Silver-zinc-lead	✓				

Target Development

Soil sampling and geological mapping are the primary tools used for follow-up exploration. The clay-rich soil, prevalent throughout the Lost Cities 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 pattern, provides a reliable method of homing in on the source of metals that drained into the rivers, giving rise to the enrichment detected by the stream sediment samples. Five teams are currently engaged in the sampling of soils in order to more precisely locate the source of metals in the target areas. During the quarter, 1,420 soil samples were taken.

The status of target development is as follows:

- **Epithermal gold-silver targets:**
 - Yawi:
 - Target A, B and C: Initial scout drilling has been completed (see below);
 - LiDAR data from the Yawi target area is being interpreted by an external specialist consultant and his interpretation is being integrated with the other data sets to refine the targets;
 - Tiria South: Grid soil sampling shows that epithermal pathfinder elements such as antimony, arsenic, selenium and thallium, are enriched over an area 3km long and 400m wide. The distribution of silver in soil corresponds well with a vein system interpreted from LiDAR data. Enrichment of pathfinder elements occurs in a black shale, which is an unlikely host for an epithermal deposit. However, field work has identified a lava unit beneath the black shale and the limited outcrop shows alteration that



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underlines the importance of this unit as an optimal host for epithermal, vein-hosted mineralization. Therefore, the field work suggests that the pathfinders in soil developed from the black shale is leakage from an epithermal system that is likely to be better developed in the underlying lavas;

- Apai: Geological mapping identified an area of vuggy silica with silver values up to 4.2g/t and slightly anomalous gold (up to 50ppb) and vestiges of sinters in another two areas. The target areas lie at the contact between lavas of the Santiago Formation and carbonate-bearing units of the overlying Chapiza Formation. This is a similar stratigraphic position to the one at which the Fruta del Norte gold-silver deposit developed. There, the gold-silver deposit lies in veins in lavas of the Piuntza Unit of the Santiago Formation, and epithermal pathfinders were deposited in the overlying Suarez conglomerate that is assigned to the Chapiza Formation.
- **Sediment-hosted copper-silver:**
 - The focus remains on demonstrating continuity of copper-silver mineralization along specific sedimentary layers. This work has focused on:
 - Kirus, where initial ridge-and-spur soil sampling has been undertaken;
 - Tsenken-Sedimentary:
 - One of the sedimentary beds changes along trend from sandstone in the south to carbonate-bearing mudstone in the north. The latter, being a reduced bed with significant organic carbon, is a much better host for sediment-hosted copper-silver than the red (oxidized) sandstone;
 - Soil sampling has identified a 450m long zone of copper enrichment.
- **Intrusive-related copper:**
 - Tsenken N1: Outcrops of a breccia contain copper mineralization and samples of this material have been submitted for analysis;
 - Tsenken N2: Grid soil sampling has identified copper enrichment in coincident with magnetic features identified in the Company's airborne geophysics program. At Tsenken N2, copper enrichment occurs over an area of 2,000m by 300m. Monzonitic intrusive dykes exhibit illite-sericite alteration and extensive iron oxide staining;
 - Tsenken N3a: The magnetic feature at Tsenken N3a is similar to that at Tsenken N2. Soil sampling is ongoing, but results received from the first part of the target samples, show that copper is enriched over an area measuring approximately 1,700m by 300m. Intrusives are monzonitic, have extensive iron-oxide development and are sericite-altered; and
 - Tsenken N3b is an area of copper enrichment in soil in an area of 300m by 200m on the northern edge of the sampling grid. Coincident low levels of molybdenum and gold in soil confirm the likelihood of this being a porphyry-type target. The target lies between the prominent Tsenken N3 and Tsenken N4 magnetic features evident in the Company's geophysics data.
- **Silver-zinc-lead target:**
 - Ridge-and-spur soil sampling is planned to cover key areas of the 15km long mineralized trend.

Scout Drilling

Scout drilling constitutes an integral part of exploration in deeply weathered and jungle-covered terrain such as that in the Lost Cities 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.

Yawi

3,010m was drilled in seven scout drill holes between October 24, 2019 and February 8, 2020 on Targets A, B and C in the Yawi epithermal gold-silver target area. The pathfinder element enrichment identified in soil sampling was related with slight enrichment in black shale units. The seven bore holes drilled at Yawi confirm a maar-diatreme environment. Alteration mineral vectors and slightly elevated silver values in holes YW-003, 6 and 7 indicate that the core of the mineralized system should lie to the southeast. Detailed field work in that area confirmed the presence of a diatreme breccia that contains fragments of epithermal quartz and copper-bearing porphyry. The exploration model for the area has been modified to focus on the margins of the diatreme as the source of the fragments plucked from the edge of the diatreme body. The diatreme appears to have cut part of



an epithermal system or, alternatively, an epithermal system may have formed at the same time as the diatreme as seen in many gold-silver deposits. CSAMT geophysics may be used in a survey over the diatreme as a means of detecting epithermal quartz, and an IP survey could be done concurrently to detect sulphides in a porphyry system.

Crunchy Hill

Scout drilling at Crunchy Hill, which started the first week of March 2019, included 9 holes for 3,204m. No significant gold was intersected and minor silver mineralization was cut in hole CH-009. An additional scout drill hole was completed in Q1, 2020, to a depth of 401m, based on a clearer understanding of the epithermal target garnered from the drilling at Yawi. Hence, in total, the scout drilling program at Crunchy Hill included 10 holes for 3,605m.

The nature of veins intersected in the scout drilling at Crunchy Hill and Yawi, are indicative of the upper part of an epithermal system. Fluid inclusion studies show that the hydrothermal fluids from which the veins formed at Crunchy Hill and Yawi were relatively cool and had already boiled where they were frozen into the veins as the silica solidified: boiling causes gold to precipitate from these hydrothermal fluids. Hence, the fluid inclusions are consistent with the gold-bearing zone being significantly below the elevation at which the veins were intersected in the scout drilling program.

Metron Contract

Metron continues to apply Bayesian Search Theory to information derived from the LiDAR and other exploration datasets.

LiDAR Survey

MPX from Ontario, Canada, was contracted to undertake a heliborne LiDAR survey over seven priority areas in the Lost Cities Project. The contract was signed on January 27, 2020 and data acquisition was completed on March 8, 2020. Processed data has been delivered to the Company for interpretation and integration with its other data sets. The cost estimate for the survey was USD282,700, exclusive of helicopter costs that was covered in a separate contract between AvioAndes, the Ecuadorian helicopter company, and Aurania.

Corporate Social Responsibility

The Company's CSR team, under the guidance of Toronto-based O-Trade, has developed a Social Management Plan (SMP) aimed at developing optimal ways of working with the local communities within the Lost Cities Project area, thereby mitigating social risk. The SMP includes early stakeholder engagement, social impact analysis, and defines potential mutually beneficial partnerships between the communities, the Company and the Ecuadorian government. Specifically, the Company is working with the ministries of the Environment, Health, Agriculture, Education and Social Inclusion and Economy in addition to its normal-course interaction with the Ministry of Energy and Non-Renewable Resources to identify areas where economic benefit can be maximized. All strategies considered and their implementation recognize and honour human and indigenous rights.

Formal access agreements have been established with 59% of communities representing 60% of the land area that lies within the Lost Cities Project area. In joint work between the communities and the Company, ten communities have benefitted directly, and 24 indirectly, from improved access and infrastructure. Since inception of the Lost Cities Project, the exploration team has created over 1,300 part-time work opportunities, equitably distributed across 32 communities. Scout drilling at Crunchy Hill in Q1 and Q2, 2019 and at Yawi in Q4 2019 and Q1, 2020 resulted in part-time work for approximately 700 men and women.

The Company helped with the distribution of factual information regarding the COVID-19 virus, prepared by Ecuador's Ministry of Health, to communities in its area of influence by having the material translated into the Shuar language and distributing copies, as well as broadcasting information regarding the virus on local radio stations. In response to the travel restrictions imposed by the Ecuadorian government and the dearth of employment opportunities during the COVID pandemic, Aurania purchased and delivered dry food including rice, lentils, beans and canned fish to the communities within the area of influence of the Lost Cities Project subsequent to quarter-end. Two food deliveries were made as follows:

- April 3-6: 8 tonnes of food were delivered to 970 families in 44 communities; and



- April 27-29: 10 tonnes of food were delivered to 1,292 families in 49 communities. The second relief effort was made in conjunction with the Step Forward Foundation, the Ministry of Social Inclusion with the help of the logistics arm of the Ecuadorian military.

Environment & Water

Contaminated water, poor sanitation, and poor hygiene have been identified as the prime risk to the health of people living and working in the Lost Cities Project area; hence the Company is investing in education on basic sanitation and water purification methods in conjunction with a private foundation. Preliminary assessments of water quality have been completed in ten communities within the area of influence of the Lost Cities Project. The objective of the assessment is to evaluate various solutions and develop budgets that can be presented to regional government, foundations and communities to find a means of financing, implementing and maintaining potable water standards. Working with the communities and local authorities, potable water has been made available in two communities and piped, clean water, to a third community.

Revegetation of the drill platforms at Yawi was completed before the field teams were required to leave the operational area in response to COVID-related restrictions. The Company has received confirmation from the Ministry of the Environment that the restoration of the drill platforms meets the ministry's requirements.

On March 10, 2020, the Company was accredited with an ISO14001 certification for its operations, focused strongly on its efforts to minimize the impact of its exploration and community relations program. One of the objectives of the certification is to provide metrics by which continued improvement can be monitored.

Application for the water-use permits required for scout drilling, has been made for 39 off-take points near high-priority targets that are being prepared for scout drilling. SENAGUA, the federal water authority that handles these applications, has been incorporated into the Ministry of the Environment, which should translate into more efficient processing of water-use permits.

Mineral Concession fees – Peru and Advance for Mineral Property Interests

At the end of 2019, the Company applied to the Peruvian Mining and Metallurgical Geological Institute "INGEMMET" for the application of 419 mining concessions that are progressing through the approval process. While the Company believes its applications will be approved, there is no guarantee that all of the concession applications will be successful.

5.2 Finance

During the quarter ended March 31, 2020, the Company raised \$6,709,381 principally through a Non-Brokered Private Placement as well as the exercise of warrants and stock options, resulting in the issuance of 2,246,889 common shares in aggregate. Further details are provided below.

Non-Brokered Private Placement

On March 13, 2020, the Company announced that it had completed a Non-Brokered Private Placement for \$6,470,131 (gross), with the issuance of 2,087,139 common shares at \$3.10 per share and share issuance costs of \$77,408.

Extension of Promissory Note

Subsequent to March 31, 2020 the Lender of the Promissory note - Mineral Concessions Loan ("MCL1") maturing May 29, 2020 agreed to extend the maturity date to May 29, 2021 with all other terms and conditions remaining the same.

6 THREE MONTHS ENDED MARCH 31, 2020, COMPARED TO THREE MONTHS ENDED MARCH 31, 2019

STATEMENTS OF LOSS	Three months ended March 31, 2020	Three months ended March 31, 2019
Operating Expenses:		
Exploration expenditures (see following table)	\$5,319,107	\$3,995,320
Stock-based compensation	645,340	239,962
Investor relations	218,503	286,036
Office and general	259,698	167,132
Business development	388,279	-
Management Fees	140,304	144,479
Professional and administration fees	130,807	48,301
Regulatory and transfer agent fees	50,061	41,045
Director and advisor fees	18,750	18,578
Amortization	11,364	8,374
Project evaluation expenses including travel	9,814	12,296
Total expenses	7,192,027	4,961,523
Other (income) expenses:		
Loss (gain) on foreign exchange	441,286	(453)
Loss on derivative	-	121,571
Interest income	(2,799)	(1,670)
Interest expense	2,841	40,620
Accretion of shareholder contribution	129,322	-
Loss and comprehensive loss for the period	\$7,762,677	\$5,121,591

Exploration Expenditures	Three months ended March 31, 2020	Three months ended March 31, 2019
ECUADOR		
GEOLOGY/FIELD:		
- Salaries, benefits	\$657,390	\$412,100
- Camp costs, equipment, supplies	260,436	113,886
- Project management	55,495	84,702
- Travel, accommodation	163,027	101,007
- Office	16,676	40,155
- Environment	92,454	44,032
- Water	21,324	11,639
- Drilling	298,055	133,982
- VAT ⁽¹⁾	124,577	37,633
GEOCHEMISTRY	97,239	96,575
GEOFYSICS	230,234	16,973
OTHER TECHNICAL STUDIES	59,642	-
CORPORATE SOCIAL RESPONSIBILITY	219,696	171,252
LEGAL AND OTHER COSTS RELATED TO CONCESSIONS	3,751	9,572
CONCESSION MAINTENANCE	2,785,907	2,721,812
Total exploration expense – Ecuador & Canada	\$5,085,903	\$3,995,320
PERU		
- Costs related to concession fees applications	150,102	-
- Technical Consulting	16,346	-
- Legal	66,756	-
Total exploration expense – Peru	\$233,204	-
TOTAL EXPLORATION EXPENSE	\$5,319,107	\$3,995,320

(1) VAT is a 12% value added tax added to most purchases, the nature of the Company's exploration business means that it does not have the revenues against which to recover these amounts with certainty and are therefore expensed.

The Company incurred a loss for the period of \$7,762,677 compared to \$5,121,591 in the corresponding period in 2019. Exploration expenditures represent the largest part of this and are discussed below.

Geology/field

- **\$657,390** (2019 - \$412,100) for salaries and consulting fees for the exploration teams comprised of geologists, technicians, guides and other part-time or occasional field assistants. This 60% increase in expenditure over Q1, 2019 reflects acceleration of the reconnaissance exploration through the training and contracting of technicians resident in the Cutucu area, focused field work on soil sampling and detailed mapping to refine targets for scout drilling, and preparation for scout drilling at Yawi;
- **\$260,436** (2019 - \$113,886) for field supplies, equipment, food and accommodation for the exploration teams. The 129% increase in supplies and food for the field camps relates to the point above;
- **\$55,495** (2019 - \$84,702) 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 Lost Cities Project;
- **\$163,027** (2019 - \$101,007) for in-country and international travel for the exploration team members;
- **\$16,676** (2019 - \$40,155) for overhead including rent, telecommunications and administration for the Macas and Quito offices;
- **\$92,454** (2019 - \$44,032) for environment, health & safety (“EHS”). The 110% increase in expenditure in EHS in Q1, 2020 compared with Q1, 2019, relates to the elevation of this function to an operational department based in the Macas field office, with support from a well-qualified and experienced Quito-based consultant;
- **\$21,324** (2019 - \$11,639) for water management. In recognition of the importance of water management, the necessity for purification and water permitting for scout drilling, an operating department has been established in Macas to manage water affairs;
- **\$298,055** (2019 - \$133,982) drilling relates to the scout drilling program at Yawi in 2020 and Crunchy Hill in 2019; and
- **\$124,577** (2019 - \$37,633) VAT is an Ecuadorian value added tax paid on purchases and services, the nature of the Company’s exploration business means that it does not have the revenues against which to recover these amounts with certainty and are therefore expensed.

Geochemistry

- **\$97,239** (2019 - \$96,575) this expenditure relates to the processing and assay of 1,823 samples in Q1, 2020 (101 stream sediment samples, 79 panned concentrate samples, 1,420 soil samples and 223 rock-chip samples) compared with in 1,634 in Q1, 2019 (527 stream sediment samples, no panned concentrate samples, 892 soil samples and 215 rock-chip samples);

Geophysics

- **\$230,234** (2019 - \$16,973) for consulting fees for on-going interpretation of data from the heliborne magnetic survey that was completed in 2017;

Other Technical Studies

- **\$59,642** (2019 - \$Nil) which included fees to Metron Inc. for Bayesian analysis and to Watts, Griffis & McQuat for the 43-101 technical report dated February 4, 2020;

Corporate Social Responsibility

- **\$219,696** (2019 - \$171,252) for consulting fees, field costs, travel and accommodation of the CSR team, and various community initiatives. The 28% increase in CSR expenditure from Q1 2019 to Q1, 2020 relates to engagement with a larger number of communities as access is granted to a larger area, as well as management of community relations in preparation for the scout drilling at Yawi;

Concession costs

- **\$3,751** (2019 - \$9,572) for legal and other professional costs related to maintenance of mineral concessions, CSR access permissions and annual reporting to maintain the concessions in good standing. This reduction



in fees associated with the concession maintenance reflects Management taking on more of the responsibility for this function whereas previously, the majority of the work was outsourced as the technical team were brought up to speed;

Mineral concession annual fees

- **USD2,077,640 / CAD\$2,785,907** (2019 - USD2,046,475 / CAD\$2,721,812) in annual and other fees for the 42 concessions, were paid to the State. Annual fees paid to the Ecuadorian State increased from USD10.00 in 2020 to USD9.65/Ha in 2019;

Other significant non-exploration expenditures are as follows:

- A stock-based compensation expense of **\$645,340** (2019 – \$239,962), has increased in line with a higher number of options and RSUs vesting in the period;
- Investor relations **\$218,503** (2019 - \$286,036): Activity was curtailed toward the end of the quarter due to the restrictions on gatherings and travel as a response to the Covid-19 virus;
- Office and general **\$259,698** (2019 - \$167,132): The increase due to adding the administrative costs of the Peruvian subsidiary, moving the CFO function from part to full time in 2020 and a general increase in administration to support the increased level of operational activity and expanded corporate complexity;
- Business development **\$388,279** (2019 - \$nil) expenditure related to increasing the Company’s knowledge of, and exposure to, the South American business and potential investor community;
- Management fees of **\$140,304** (2018 - \$144,479);
- Professional and administrative fees of **\$130,807** (2018 - \$48,301) increased commensurate with the increase in legal and regulatory activity; and
- Regulatory and transfer agent fees, Director Fees, project evaluation and amortization are broadly in line with the corresponding period.

Cash Flow Activities	Three months ended	Three months ended
	March 31, 2020	March 31, 2019
Operating	\$(6,732,912)	\$(4,787,897)
Financing	6,631,973	5,222,601
Investing	(7,991)	(10,965)
(Decrease)/Increase in cash during the period	\$(108,930)	\$423,739

For the three months ended March 31, 2020, the Company’s cash position decreased by \$108,930. The main cash outflows for the current reporting period consist of exploration and corporate expenditures described in the above section on Statement of Loss and included as Operating activity in the Cash Flow statement and the principal cash inflows came from financing activities as described in section 5.2 Finance.

7 SUMMARY OF QUARTERLY RESULT

Quarters Ended	Net revenue (\$)	Net Loss (\$)	Loss per Share (\$)
March 31, 2020	-	7,762,677	0.20
December 31, 2019	-	6,216,914	0.14
September 30, 2019	-	2,353,583	0.07
June 30, 2019	-	2,910,745	0.09
March 31, 2019	-	5,121,591	0.17
December 31, 2018	-	2,087,577	0.07
September 30, 2018	-	1,512,335	0.05
June 30, 2018	-	1,948,898	0.07



8 LIQUIDITY AND CAPITAL RESOURCES

The Company considers the capital that it manages to include share capital, share premium, shareholder contribution, warrants, contributed surplus and deficit, which at March 31, 2020 was a deficiency of \$912,087 (December 31, 2019 - \$1,397,451). 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 three months ended March 31, 2020. The Company's ability to continue as a going-concern is dependent upon Management's ability to obtain the necessary financing to advance exploration on its projects and meet its liabilities as they come due.

Funding Outlook

As the Company currently has no source of revenues or cash flow, periodic financings are required to advance exploration at the Lost Cities Project, to meet ongoing obligations and discharge the Company's liabilities in the normal course of business.

The Company has been successful in funding its operations, including the payment of the 2020 concession fees, and the on-going exploration activities including scout drilling, CSR activities as well as corporate costs in Ecuador, Peru and Canada, through a combination of Non-Brokered Private Placement proceeds of \$6,470,131 (gross), and \$239,250 received from the exercise of 100,000 stock options and 59,750 warrants.

Novel Coronavirus ("COVID-19")

The Company's operations could be significantly adversely affected by the effects of a widespread global outbreak of a contagious disease, including the recent outbreak of respiratory illness caused by COVID-19. At March 31, 2020, the Company has withdrawn all personnel from the Lost Cities Project area and the date of restart of field operations is unclear at this time. The Company cannot accurately predict the further impact that COVID-19 will have on its operations and the ability of others to meet their obligations with the Company, including uncertainties relating to the ultimate geographic spread of the virus, the severity of the disease, the duration of the outbreak, and the length of travel and quarantine restrictions imposed by governments of affected countries. In addition, a significant outbreak of contagious diseases in the human population could result in a widespread health crisis that could adversely affect the economies and financial markets of many countries, resulting in an economic downturn that could further affect the Company's operations and ability to finance its operations.

9 INDEBTEDNESS

The Company's activities are partially funded by loans from a major shareholder and are described in detail in the unaudited condensed interim financial statements for the three-month period ended March 31, 2020. The significant changes in those debt instruments during the quarter are described in section 5.2 Finance above.

10 EQUITY

Share Capital – Activity during the three months ended March 31, 2020:

	# Shares	Par Value	Share Premium
Balance – December 31, 2019	38,333,346	\$383	\$38,219,081
Shares issued for non-brokered private placement	2,087,139	24	6,470,107
Less share issue costs	-	-	(77,408)
Shares issued for exercise of warrants 2019	50,944	-	165,841
Shares issued for exercise of warrants	59,750	-	207,672
Shares issued for exercise of options	100,000	-	113,487
Warrant issued for private placement	-	-	(732,867)
Balance – March 31, 2020	40,631,179	\$407	\$44,365,913



Stock Options - Activity during the three months ended March 31, 2020:

	Number of Options	Weighted Average Exercise Price	Estimated Fair Value
Balance - December 31, 2019	2,906,260	\$2.41	\$3,573,576
Issued	300,000	3.16	292,124
Exercised	(100,000)	(0.60)	(53,487)
Stock-based compensation expense	-	-	299,503
Balance – March 31, 2020	3,106,260	\$2.55	\$4,111,716

Stock options – Outstanding at March 31, 2020:

Issued Number of Options	Exercisable Number of Options	Exercise Price	Expiry Date	Estimated Fair Value
1,260	1,260	\$3.00	May 26, 2020	\$1,168
100,000	100,000	\$0.60	July 13, 2021	53,488
115,000	115,000	\$0.60	June 21, 2020	61,510
65,000	65,000	\$0.60	August 24, 2020	34,767
150,000	150,000	\$2.30	May 26, 2022	256,242
240,000	240,000	\$2.00	November 2, 2022	246,750
90,000	90,000	\$2.00	June 21, 2020	190,350
40,000	40,000	\$2.00	August 24, 2020	84,600
250,000	250,000	\$2.89	March 2, 2023	541,934
300,000	200,000	\$2.68	April 5, 2023	589,514
180,000	130,000	\$3.40	January 16, 2024	402,138
48,000	32,000	\$3.40	January 16, 2024	104,333
77,000	38,499	\$3.97	June 28, 2024	118,948
1,150,000	383,333	\$2.70	October 24, 2024	1,133,850
300,000	100,000	\$3.16	February 7, 2025	292,124
3,106,260	1,935,092			\$4,111,716

Restricted Stock Units - The following summarizes the RSU activity during the three months ended March 31, 2020:

	Number of RSUs	Weighted Average Fair Value	Estimated Fair Value
Balance – December 31, 2019	189,700	\$2.32	\$143,171
Stock-based compensation expense	-	-	53,713
Balance – March 31, 2020	189,700	\$2.32	\$196,884

Warrants - The following summarizes the warrants and Agents' Options activity and outstanding warrants and Agents' Options for the three months ended March 31, 2020:

	Number of Warrants/ Agents' Options	Weighted Average Exercise Price	Estimated Fair Value
Balance – December 31, 2019	936,501	\$3.90	\$442,215
Issued warrants private placement	1,043,567	4.25	732,867
Exercised	(59,750)	3.00	(28,422)
Expired	(34,900)	3.00	(16,601)
Balance – March 31, 2020	1,885,418	\$4.14	\$1,130,059

Outstanding warrants

Expiry date	Number of Warrants	Exercise Price
February 27, 2021	515,431	\$4.00
August 27, 2021	4,734	\$4.00
March 20, 2021	310,506	\$4.00
September 20, 2021	11,180	\$4.00
August 28, 2021	236,994	\$4.25
September 5, 2021	671,622	\$4.25
September 13, 2021	134,951	\$4.25
Balance – March 31, 2020	1,885,418	

11 KEY MANAGEMENT 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.

The remuneration of key management and directors of the Company was:

For the three months ended March 31,	2020	2019
Management fees corporate ⁽¹⁾	\$87,569	\$33,900
Management fees – technical ⁽¹⁾	102,477	84,704
Director and advisor fees ⁽²⁾	18,750	18,750
Stock-based compensation for key management ⁽³⁾	366,132	117,332
Total key management compensation expense	\$574,928	\$254,686

⁽¹⁾ Management fees corporate includes 100% CFO fees, 30% of the President's compensation. Management fees technical includes the remaining 70% of the President's compensation and 100% of the compensation paid to the Vice President, Exploration.

⁽²⁾ Director's fees are \$15,000 per annum or \$3,750 per quarter.

⁽³⁾ This figure is the fair value expense of vested stock options and RSUs granted to Management during the three months ended March 31, 2020.

12 RELATED PARTY TRANSACTIONS

Related parties include the Board of Directors, close family members and enterprises that are controlled by these individuals as well as certain persons performing similar functions. The Company entered into the following transactions with related parties in the three months ended March 31, 2020:



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- (i) A total of \$21,581 (2019 - \$18,750), plus applicable taxes were charged to the Company by the Chief Financial Officer (“CFO”), pursuant to a consulting contract. Included in accounts payable and accrued liabilities at March 31, 2020 is \$nil (December 31, 2019 - \$15,288) owed to the CFO. These amounts are unsecured, non-interest bearing and due on demand.
- (ii) During the three months ended March 31, 2020, the Company incurred \$36,000 (2019 - \$36,000 of administrative service costs including office, rent and general office services, to Big Silver Ltd. a company owned and controlled by the Chairman, CEO and principal shareholder. At March 31, 2020 \$nil (December 31, 2019 - \$nil remains payable to Big Silver Ltd., for unpaid services. These amounts are unsecured, non-interest bearing and due on demand.

13 OFF-BALANCE SHEET TRANSACTIONS

There are no other transactions contemplated at this time.

14 PROPOSED TRANSACTIONS

Like other mineral exploration enterprises, the Company may acquire or dispose of property assets as part of its normal-course business as determined by Management based on exploration results, opportunities, the competitive nature of the business, and availability of capital.

15 CRITICAL ACCOUNTING ESTIMATES

The Company prepares its financial statements in accordance with IFRS. Significant assumptions about the future and other sources of estimation uncertainty that Management has made at the financial position reporting date, that could result in a material adjustment to the carrying amounts of assets and liabilities, in the event that actual results differ from assumptions made, relate to, but are not limited to, the following:

- (a) the inputs used in accounting for valuation of warrants and options which are included in the condensed consolidated statement of financial position;
- (b) the inputs used in accounting for stock-based compensation expense in the condensed consolidated statement of loss;
- (c) the \$nil provision for decommissioning and restoration obligations which are included in the condensed consolidated statement of financial position; and
- (d) the existence and estimated amount of contingencies;
- (e) the valuation of shareholder contribution in connection with the issue of promissory note.

16 CHANGES IN ACCOUNTING POLICIES AND FINANCIAL INSTRUMENTS

Changes in Accounting Policies

During the three months ended March 31, 2020, the Company adopted a number of new IFRS standards, interpretations, amendments and improvements of existing standards. These included the amendments to IAS 1, IAS 8 and IFRS 3. These amendments did not have any material impact on the Company’s consolidated 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 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.



The Company does not have any derivative financial instruments. All financial instruments are initially recorded at fair value and designated upon inception into one of the following four categories: held-to-maturity, available-for-sale, loans and receivables or fair value through profit or loss.

17 RISKS AND UNCERTAINTIES

There are no significant changes in the material risk and uncertainties faced by the company from those reported in the Management Discussion and Analysis for the twelve months ended December 31, 2019. There continues to be significant risk associated with the COVID-19 pandemic as discussed under section 8. Liquidity and Capital Resources above.

18 COMMITMENTS AND CONTINGENCIES

Environmental Contingencies

The Company's exploration activities are subject to various laws and regulations governing the protection of the environment. 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

Commencing January 1, 2019, the Company entered into an agreement with Big Silver Ltd. a company owned and controlled by the Chairman, Chief Executive Officer and principal shareholder, for office rent and general office services. The terms include a monthly fee of \$12,000 and can be terminated by either party with 180 days' notice.

Until replaced with an employment contract on February 1, 2020 the Company's Chief Financial Officer provided financial corporate consulting services to the Company pursuant to an annual, renewable consulting agreement, the terms include a monthly fee of \$12,000.

The Company runs its corporate social responsibility ("CSR") program under the guidance of a Toronto consulting firm, in tandem with the 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 June 28, 2019, Aurania signed a contract with a consultant who will provide data analytics and statistical analysis services to Aurania to help refine its search for the historical gold mining centres of Logroño de los Caballeros and Sevilla del Oro in Ecuador. Aurania will pay USD150,000 in installments over two years against performance benchmarks, and grant 77,000 stock options exercisable for five years.

On July 16, 2019, Aurania signed a contract with a consultant to perform a specialized LiDAR survey. Pursuant to the contract the Company will pay USD591,000 in installments against a performance and product delivery schedule. The Company has paid USD 118,264 to date.

The Company is party to certain management contracts. These contracts contain minimum commitments of approximately \$490,000 and additional contingent payments of up to approximately \$980,000 upon the occurrence of a change of control. As a triggering event has not taken place, the contingent payments have not been reflected in these consolidated financial statements.

19 SUBSEQUENT EVENTS

Option and warrant exercises

Subsequent to March 31, 2020, 40,000 options were exercised for gross proceeds of \$24,000.



Extension of Promissory Note

Subsequent to March 31, 2020 the Lender of the Promissory note - Mineral Concessions Loan (“MCL1”) maturing May 29, 2020 agreed to extend the maturity date to May 29, 2021 with all other terms and conditions remaining the same.

20 QUALIFIED PERSON

The foregoing and technical information contained has been prepared or reviewed by Jean Paul Pallier, VPX, who is registered as a EurGeol with the European Federation of Geologists and is a “Qualified Person” for the purpose of National Instrument 43-101, Standards of Disclosure for Mineral Projects of the Canadian Securities Administrators.

21 SHARE DATA

As at	Common Shares	Warrants	Agents’ Options and Warrants	Stock Options	RSUs	Fully Diluted
December 31, 2019	38,333,356	936,501	15,914	2,906,260	189,700	42,381,731
March 31, 2020	40,631,179	1,869,504	15,914	3,106,260	189,700	45,812,557
May 26, 2020	40,671,179	1,869,504	15,914	3,066,260	189,700	45,812,557

22 ADDITIONAL INFORMATION

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 and Director
 Richard Spencer – President and Director
 Warren Gilman – Director
 Jonathan Kagan – Director
 Leanne Baker – Director
 Alfred Lenarciak – Director (Lead Director)
 Antony Wood – Chief Financial Officer, Corporate Secretary
 Jean Paul Pallier – Vice President - Exploration (“VPX”)
 Carolyn Muir – Vice President - Investor Relations

Corporate Office

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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.



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Exchange Listings

The Company's common shares ("Common Shares") are traded on the TSX Venture Exchange ("TSX-V") under the symbol "ARU". The Company's shares started trading on the Frankfurt Exchange, symbol "20Q" on May 17, 2018 and on the OTCQB Venture Market in the United States on May 25, 2018, under the symbol "AUIAF". The OTCQB trading market is recognized by the U.S. Securities and Exchange Commission ("SEC") as an established public market.