



AURANIA

AURANIA RESOURCES LTD.

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

For the Three Months Ended March 31, 2021

(Expressed in Canadian Dollars unless otherwise indicated)



INTRODUCTION

Aurania Resources Ltd. (“Aurania” or the “Company”) is a publicly traded junior mining 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. The Company has also applied for mineral concessions in adjacent northern Peru (“Peru Project”, and together with the Lost Cities Project, the “Projects”) and these applications are progressing through the lengthy review process that precedes the granting of the mineral concessions. 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, 2021 (the “Reporting Period”). This MD&A is prepared as at May 25, 2021, unless otherwise indicated, and should be read in conjunction with the unaudited condensed consolidated financial statements for the three months ended March 31, 2021 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>.

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 exchange 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.

1. Q1 2021 HIGHLIGHTS

1.1. Exploration - Lost Cities Project, Ecuador

1.1.1 COVID-19 Response

- The Company's office in Toronto, Canada and Quito, Ecuador remains closed with personnel working remotely.
- The Company continues to adhere to the strict health and safety protocols mandated by Ecuadorian federal and provincial governments. The Company implemented further protocols designed to detect and isolate suspected COVID-19 infections as early as possible. In Q1, 2021, no cases were detected in the Company's workforce. Subsequent to quarter-end and to the date of this MD&A, four cases of infection were identified and isolated. The people who were infected have fully recovered and have returned to work, having subsequently tested negative for COVID-19.

1.1.2 Exploration

(a) Reconnaissance

Stream sediment sampling had been completed over 61% of the Lost Cities Project by the end of Q1, 2021, with two new targets having been identified: the Kuripan epithermal gold-silver target and the Shimpia North target, believed to be a 7km extension to the Tiria-Shimpia silver-zinc-lead target.

(b) Epithermal targets for gold-silver

Scout drilling is underway on the Kuri-Yawi B1 target – where MobileMT geophysics highlighted a possible epithermal target above a deeper porphyry-like target. Drill hole YW-008, designed to test both target types, was completed to a depth of 1,212m after quarter-end. Assay results from YW-008 are awaited. Two other epithermal-type targets were identified in MobileMT data in the Kuri-Yawi area, in the C1 and C2 areas, with a potential porphyry beneath the epithermal targets.

(c) Sediment-hosted copper-silver targets

Two scout holes were drilled on the Tsenken N1 sediment-hosted copper-silver target for a total of 1,155m and a third hole is underway.

(d) Intrusive-related copper targets

The deeper part of hole YW-008 was designed to test a porphyry target at depth in the B1 area of Kuri-Yawi as described above. MobileMT geophysics defined two other porphyry-style targets within the Kuri-Yawi area (Kuri-Yawi C1 and E), and these are being prioritized for scout drilling.

Drilling of the Tsenken N2/N3 target was completed in December 2020, having defined a mineral alteration vector towards the northeast. MobileMT defined two moderately conductive targets along trend of the vector, in the Tsenken N4 area, and they are ranked for drilling as iron oxide copper-gold ("IOCG") targets.

(e) Carbonate Replacement silver-zinc-lead targets

With silver-zinc mineralization extending over a trend of 15km, the Tiria-Shimpia area is emerging as a discovery of significant potential size in the Lost Cities Project area. In addition, reconnaissance exploration has identified the Shimpia North area where similar carbonate replacement mineralization has been found over a trend of an additional 7km.



1.1.3 Mineral Property Interests

The Company made its annual concession fee payment of US\$2,077,640 (\$2,613,615) in March 2021, maintaining the concession block in good standing. The requirements to maintain the concessions in good standing are detailed in the Financial Statements for the three months ended March 31, 2021.

1.1.4 Corporate Social responsibility (“CSR”)

The Company’s CSR team continues to be our first point of contact with local communities, the majority of which are indigenous. The Company currently has formal access agreements with 41 of the 55 communities (76%) within the concession area. The CSR team has worked in conjunction with the Step Forward Foundation and local residents to install clean water systems in nine communities.

1.1.5 Health & Safety

The one serious health and safety incident recorded subsequent to quarter-end was a drill contractor being bitten on the hand by a venomous snake, *Bothrops bilineatus*. The patient was accompanied back to the drill camp by the Company’s exploration team where he was attended to by the camp medical doctor and was evacuated to hospital in Macas by helicopter. He was released after two nights in hospital and has fully recovered.

1.1.6 Environment & Water

The comprehensive six-monthly environmental reports for the Lost Cities Project have been submitted in due time. Monitoring of water quality upstream and downstream of offtake points for drilling and exploration camps is on-going and up to date and no issues have been detected.

1.2 Exploration Project, Peru

1.2.1 COVID-19 Response

- Part-time contract personnel in Lima, Peru, are working remotely in compliance with Peruvian law.
- None of the exploration work in Peru yet requires access to the field, so the impact of COVID-19 protocols on operations is minimal.

1.2.2 Mineral Property Interests

In late 2019, the Company applied to the Peruvian Mining and Metallurgical Geological Institute “INGEMMET” for 418 mineral concessions covering over 400,000Ha. As at March 31, 2021, 30 new concessions had been applied for and title had been granted for six concessions (6,000 Ha) and 413 applications continued in the concession approval process, covering an area of 405,176Ha. As of the date of this MD&A, title has been granted to a total of 43 mineral concessions covering an area of 42,500Ha, while 372 concessions (covering an area of 362,776Ha) are proceeding through the review process. The advances for mineral property interest of \$445,074 (December 31, 2020 - \$560,155) represent cash advances made to INGEMMET that can be applied to future applications or to cover annual fees. The Company has a maximum annual obligation of \$1,446,591 in regard to the Peru Project concession payments (Table 9).

1.2.3 Exploration - Data Compilation

Review of geophysical data, principally seismic supported by magnetics and gravity, has revealed a framework of salt diapirs that is suspected to have played a key role in the concentration of copper. This work has resulted in a fundamental way of prioritizing concessions for their potential to host significant copper mineralization.

1.3 Personnel

- Ms. Nathalie Han was appointed to the Board in Q1, 2021.

2. SELECTED ANNUAL INFORMATION

Table 1: Selected annual information

	Three months ended March 31, 2021	Year ended December 31, 2019
Cash	\$1,662,060	\$8,178,956
Total assets	2,559,847	9,109,624
Total liabilities	5,833,568	5,650,612
Shareholders' equity (surplus)	(3,273,721)	3,459,012
Deficit	\$(67,636,978)	\$(60,463,012)

The change in deficit is discussed in detail in Section 4 Expenditures Three months ended March 31, 2021, compared to three months ended March 31, 2020.

3. DISCUSSION OF OPERATIONS

3.1 Exploration of the Lost Cities Project, Ecuador

3.1.1 Reconnaissance Exploration

The recommended budget for reconnaissance exploration, as outlined in the December 2019 Technical Report, was \$600,000. Actual expenditure was \$980,499 in 2020 and \$744,857 for Q1, 2021 (Table 6).

Emphasis shifted back to more work being done on reconnaissance exploration in Q4 2020 and Q1 2021, as illustrated by the number of stream sediment samples taken as shown in the Table 2. 61% of the area of the Lost Cities Project has now been covered with this basic exploration technique.

Table 2: Reconnaissance exploration samples.

Sample Type	Period				
	Q1, 2020	Q2, 2020	Q3, 2020	Q4, 2020	Q1, 2021
Stream sediment	101	28	36	380	291
Pan concentrate	79				96
Soil	1,420	1,245	1,779	654	495
Rock-chip	223	70	101	179	91
Total	1,823	1,343	1,916	1,638	973

Two important targets emerged from reconnaissance work in Q1, 2021:

- The Kuripan epithermal gold-silver target (discussed under Epithermal Exploration below).
- Shimpia North, which forms an extension to the Tiria-Shimpia silver-zinc target and is discussed further under Carbonate Replacement mineralization below.

3.1.2 Epithermal Targets for Gold-Silver

The December 2019 Technical Report recommended a budget of \$2,530,000 for exploration on epithermal gold-silver targets. Actual expenditure on this target type was \$1,772,760 in 2020 and \$490,896 in Q1, 2021 (Table 6).

(a) Kuri-Yawi:

The Yawi target area was renamed Kuri-Yawi to avoid confusion with a target of a similar name by one of the neighbouring companies in southeastern Ecuador.

- The first phase of scout drilling on the Kuri-Yawi area consisted of 7 holes for a total of 3,010m undertaken in Q4, 2019 to Q1, 2020 on targets A, B and C (Table 3).
- The bore holes drilled at Kuri-Yawi confirm a maar-diatreme geological environment. Alteration mineral vectors and elevated silver values in holes YW-003, 6 and 7 indicate that the core of the mineralized system should lie to the southeast.
- MobileMT geophysics undertaken in Q4, 2020 and Q1, 2021 delineated a target (Target B1) that has the characteristics of an epithermal system above a deeper porphyry system along trend of the vector described above. Drill hole YW-008 reached a depth of 1,212m to test both targets. Drill hole YW-009 is underway on a different part of the same target.

Table 3: Drilling to date at Kuri-Yawi

Hole #	Target	Dates		Hole Length (m)
		Start	End	
2019-2020 Campaign:				
YW-001	Target A - epithermal	2019-10-21	2019-11-10	533.40
YW-002		2019-11-15	2019-11-27	559.31
YW-003	Target B - epithermal	2019-12-02	2019-12-04	260.60
YW-004	Target C - epithermal	2019-12-09	2019-12-18	516.64
YW-005		2020-01-05	2020-01-17	347.47
YW-006	Target B - epithermal	2020-01-21	2020-01-25	288.03
YW-007		2020-01-27	2020-02-07	504.44
Sub-total metreage				3,009.89
2021 Campaign:				
YW-008	Target B1 – epithermal & porphyry	2021-03-24	2020-05-08	1,212
YW-009		2021-05-17	ongoing	

(b) Tiria-Shimpia:

Ongoing exploration in this area shows a consistent link between the Shimpia and Tiria targets. The silver-zinc-lead-barite mineralization that was originally named “Shimpia” has many features characteristic of epithermal mineralization similar to the “Tiria” group of targets. Our approach is now to view the targets as a continuum similar to the Colquijirca district that contains the Cerro de Pasco – Marcapunta mineralized system in Peru that encompasses epithermal gold-silver and carbonate replacement silver-zinc-lead deposits. This target is discussed further under Carbonate Replacement targets below.

(c) Kuripan:

Kuripan is a new target discovered in the reconnaissance exploration program. Gold was panned from streams over an area of approximately 12 square kilometres in which silica veinlets that have typical epithermal characteristics, occur in volcanic tuff. Pan concentrates returned values of up to 1 gram per tonne (“g/t”) and the gold grains have an irregular shape consistent with a local source. Stream sediment sample results have elevated concentrations of pathfinder elements such as silver, arsenic and antimony, mercury, molybdenum, selenium and thallium, that are commonly associated with epithermal gold systems.

The plan is to advance this new epithermal target as quickly as possible through soil sampling, geological mapping and determination of mineral alteration zoning to establish whether it warrants scout drilling.

3.1.3 Sediment-Hosted Copper-Silver Targets

The December 2019 Technical Report recommended a budget of \$1,200,000 for exploration on sedimentary-hosted copper-silver targets. Actual expenditure on this target type was \$805,288 in 2020 and \$345,393 in Q1, 2021 (Table 6). The exploration



focus shifted somewhat to take into account the possible interplay between intrusive-related copper-silver and sediment-hosted targets.

- Drilling at Tsenken N2/N3 has underscored the fact that copper mineralization is likely to have been leached by today’s weathering for tens of metres below surface where the copper-silver mineralization is not bound to carbon fragments in the host rock. This means that different approaches are required to determine possible continuity of mineralization in sedimentary layers where they come to surface.
- Soil sampling has indicated that there is potential lateral continuity along specific sedimentary layers at Tsenken A and B. Soil sampling has identified a 600m long zone of copper enrichment at Tsenken B.
- Two holes were drilled on the Tsenken N1 target (Table 4) for a total of 1,155m. Hole TSN-001 intersected native copper immediately beneath a lava unit that provides a seal through which potentially mineralizing hydrothermal fluids would not be able to permeate. The identification of this lava seal resulted in a change to the target concept and holes TSN-002 and 003 were sited to intersect natural gas and oil trap sites where greater concentrations of copper sulphides could be expected.

Table 4: Drilling to date sediment-hosted copper-silver

Hole #	Target	Drill Period		Length (m)
		Start	End	
TSN1-001	Sediment-hosted copper-silver	2021-02-21	2221-03-08	722.37
TSN1-002		2021-04-19	2021-05-09	432.60
TSN1-003		2021-05-13	underway	

3.1.4 Intrusive-Related Copper Targets

The December 2019 Technical Report recommended a budget of \$1,000,000 for exploration on intrusive-related targets. Actual expenditure on this target type was \$4,223,749 in 2020 and \$1,182,863 in Q1, 2021 (Table 6). This expenditure is significantly more than recommended at the time that the NI 43-101 Technical Report was written due to growing appreciation of the potential of intrusive-related mineralization in the Lost Cities Project area.

(a) Porphyry copper - Awacha:

- Awacha is one of the only areas within the Lost Cities Project area in which extensive areas of quartz-sericite-pyrite (“QSP”) alteration has been mapped. QSP alteration is typical of the outer halo of porphyry copper and copper-gold deposits. The QSP alteration being exposed at surface in the Awacha area results from it being in an upfaulted block in which erosion is deeper than in the remainder of the Lost Cities Project.
- The target is a cluster of porphyries, a concept that is supported by prior regional magnetic geophysical data and the MobileMT data that was acquired in Q1, 2021.
- Soil sampling and alteration mineral mapping have been used to refine the specific targets within the target cluster.
- The plan is to do further soil sampling and more detailed mineral alteration mapping above conspicuous geophysical targets that are consistent with porphyries lying at shallow depth.

(b) Iron Oxide Copper-Gold (“IOCG”):

- A total of 1,891m was drilled in six scout holes at Tsenken N2 and Tsenken N3 (Table 5).
- Drilling of the magnetic geophysical targets with which copper enrichment in soil is associated at Tsenken N2 and N3, intersected a lava unit that contains mineral alteration characteristic of IOCG systems.
- The distribution of native copper mineralization is consistent with mineral alteration trends that indicate that the core of the target area lies to the northeast of the Tsenken N2/N3 targets.
- MobileMT data acquired in the Q4 2020 – Q1 2021 geophysical survey delineated two areas of elevated conductivity along trend of the mineral alteration – mineralization vector and these are considered prime targets for continued scout drilling. These MobileMT targets lie in the Tsenken N4 area.
- The Tsenken N2/N3 targets have been downgraded due to minimal potential to host significant copper-gold mineralization.



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Table 5: Drilling to date intrusive-related copper-silver

Hole #	Target	Drill Period		Length (m)
		Start	End	
TS-001		2020-09-13	2220-09-20	185.92
TS-002		2020-09-24	2020-10-01	246.88
TS-003	Intrusive-related copper-silver	2020-10-06	2020-10-10	211.83
TS-004		2020-10-20	2020-10-30	230.12
TS-005		2020-10-31	2020-11-13	493.77
TS-006		2020-11-20	2020-12-16	522.12
Total				1,890.64

(c) Kuri-Yawi Target B1:

- MobileMT geophysical data acquired in Q4 2020 showed a conductive feature approximately 1km wide located adjacent to an area in which hydrothermal breccia returned high-grade copper-silver. The breccia contains fragment of mineralized porphyry which are interpreted to have been plucked off the side of a porphyry by a diatreme. Since the geophysics coincided so well with field evidence of a porphyry, Target B1 at Kuri-Yawi was considered a high priority target.
- Hole YW-008 was designed to test the epithermal target (discussed above) and the underlying porphyry target defined by the MobileMT data. As shown in Table 3 above, hole YW-008 has been completed to a depth of 1,212m and hole YW-009 is underway to test a different part of Target B1.

3.1.5 Carbonate Replacement Silver-Zinc-Lead Targets

(a) Tiria-Shimpia:

The December 2019 Technical Report recommended a budget of \$170,000 for exploration on carbonate replacement targets. Actual expenditure on this target type was \$670,043 for 2020 and \$381,628 for Q1, 2021 (Table 6) and significant additional funding is likely to be directed towards the target since Tiria-Shimpia is evolving into the Company's first discovery of potentially significant mineralization in the Lost Cities Project.

- Silver-zinc-lead, with associated barite mineralization has been traced over a distance of 15km, now extended a further 7km, to a total of 22km, in the adjacent Shimpia North area.
- Detailed mapping and sampling have identified mineralization that lies within the layering of the sedimentary rocks, commonly at the interface between sandstone and limestone, with the majority of the mineralization hosted by dolomitized limestone (hence the classification as carbonate-replacement mineralization). Silver-zinc-lead also lies in steeply-inclined faults.
- Up to seven stacked layers of mineralization have been identified, extending between 500m and 1.2km along trend in the one area that has been intensely studied and sampled.
- Channel sampling has commenced where the mineralization is exposed from beneath the jungle floor. The best grade obtained from this initial sampling is 4m at 21g/t silver and 9.3% zinc. A grab sample of one of the seven mineralized layers returned 199g/t silver with 22% zinc and 13% lead.
- Results from the MobileMT survey that was flown over the northern part of the target area are being integrated with geological data from the field to refine target location, extension below surface, and shape.
- The plan is to continue with the channel sampling where the mineralization outcrops to provide initial information on the distribution of grade of silver, zinc, lead and other elements of potential value. Sites for scout drilling are being selected during this detailed field work and will be refined on the basis of assay results from the channel sampling.

Another significant aspect of the silver-zinc-lead mineralization at Tiria-Shimpia is its potential relationship to sediment-hosted copper-silver. The Kupferschiefer in Poland and Germany shows a gradual change from copper-silver through lead-silver to zinc-silver mineralization on a district-scale. By analogy, Tiria-Shimpia could be the zinc-rich part of an extensive mineralized system that may have lead-silver and copper-silver components within the same fertile sedimentary layers. Hence the findings at Tiria-Shimpia are being applied to the exploration for sediment-hosted copper-silver.



3.2 Exploration expenditures by target type

Table 6: Accumulated project expenses by target type

Exploration Category	Budgeted project expenditures			Actual expenditures			Differences	Discussion
	December 2019 Technical Report	Use of Proceeds October 2020 offering	Combined	12 months ending December 31, 2020	3 months ending March 31, 2021	Total		
Ecuador								
Regional / Reconnaissance Exploration	\$ 600,000	\$ 390,000	\$ 990,000	\$ 980,499	\$ 744,857	\$ 1,725,356	(\$735,356)	Refer to 3.1.1
Target Development			-				\$0	
Epithermal Gold-Silver	2,530,000	1,970,000	4,500,000	1,772,760	490,896	2,263,656	\$2,236,344	Refer to 3.1.2
Sedimentary-Hosted Copper-Silver	1,200,000	887,000	2,087,000	805,288	345,393	1,150,681	\$936,319	Refer to 3.1.3
Intrusive-Related Copper	1,000,000	2,164,000	3,164,000	4,223,749	1,182,863	5,406,612	(\$2,242,612)	Refer to 3.1.4
Carbonate-Hosted Silver-Zinc-Lead	170,000	759,000	929,000	670,043	381,628	1,051,671	(\$122,671)	Refer to 3.1.5
Community Social Responsibility	250,000	350,000	600,000	906,800	197,767	1,104,567	(\$504,567)	refer to 3.5
Concessions*	2,800,000	2,800,000	5,600,000	2,785,907	2,613,615	5,399,522	\$200,478	
Peru								
Concession and legal fees	-	-	-	288,073	-	288,073	(\$288,073)	
Desktop studies	-	50,000	50,000	18,761	180,264	199,025	(\$149,025)	
Total	\$ 8,550,000	\$ 9,370,000	\$ 17,920,000	\$ 12,451,880	\$ 6,137,283	\$ 18,589,163	(\$669,163)	

Table 7: Use of Proceeds from October 2020 Overnight Marketed Offering

Exploration Category	Use of Proceeds October 2020 Offering*	Application of funds from October 2020 Offering			Discussion
		2 months ending December 31, 2020	3 months ending March 31, 2021	Total	
Ecuador					
Regional / Reconnaissance Exploration	\$ 390,000	\$ 152,755	\$ 744,857	\$ 897,612	Refer to 3.1.1
Target Development					
Epithermal Gold-Silver	1,970,000	549,890	490,896	1,040,786	Refer to 3.1.2
Sedimentary-Hosted Copper-Silver	887,000	108,752	345,393	454,145	Refer to 3.1.3
Intrusive-Related Copper	2,164,000	1,821,437	1,182,863	3,004,300	Refer to 3.1.4
Carbonate-Hosted Silver-Zinc-Lead	759,000	116,155	381,628	497,783	Refer to 3.1.5
Community Social Responsibility	350,000	188,954	197,767	386,721	refer to 3.5
Concessions	2,800,000	-	2,613,615	2,613,615	
Peru					
Concession and legal fees	-	-	-	-	
Desktop studies	50,000	18,761	180,264	199,025	
Total	\$ 9,370,000	\$ 2,956,704	\$ 6,137,283	\$ 9,093,987	

Funding has been applied largely consistently with the Use of Proceeds from the October 2020 Overnight Marketed Offering.



3.3 Targets identified in the reconnaissance exploration program to-date

Table 8: Reconnaissance exploration targets

Priority	Target	Target Commodity	Target definition			Scout Drilling	Key feature / status
			Ridge-&-spur soil sampling	Grid soil sampling	Mapping		
Epithermal							
1	Kuri-Yawi B1	Gold-silver	✓	✓	✓	Underway	MobileMT defined epithermal & porphyry targets
2	Kuripan		✓				Gold panned in streams
3	Kuri-Yawi C1/2		✓	✓	✓		MobileMT defined target supported pathfinder element enrichment in soil
4	Kuri-Yawi E		✓	✓	✓		MobileMT defined target supported by sinter at surface, pathfinder element enrichment in soil
5	Latorre C		✓		✓		MobileMT suggests a combined epithermal – porphyry target
6	Tiria North		✓				MobileMT completed
7	Tiria East		✓	✓	✓		MobileMT planned
8	Tiria West		✓				
9	Loma Seca						Gold panned in streams
10	Crunchy Hill		✓	✓	✓	Undertaken Q2, 2019 & Q1, 2020. 10 scout holes drilled for 3,605m	MobileMT planned
11	Apai			✓	✓		
	Latorre A		✓	✓			MobileMT planned
	Tiria South		✓	✓	✓		
	Latorre East						
	Latorre West						
	Chapi West						
	Chapi South						
	Tsanimp						
	Tumpain West						
	Alto Yaupi						
	Kuri-Yawi A	✓	✓	✓	Undertaken Q1 2020 3,010m was drilled in 7 holes	Downgraded	
	Kuri-Yawi B	✓	✓	✓			
	Kuri-Yawi C	✓	✓	✓			
	Kuri-Yawi D	✓	✓	✓			
	Tinchi						
Sediment-hosted							
1	Tsenken N1	Copper-silver	✓	✓	✓	Underway	MobileMT feature & breccia
2	Tsenken A		✓	✓	✓		
3	Tsenken			✓	In Progress		
4	Tsenken B			✓	In Progress		
5	Kirus		✓	In Progress	In Progress		
Intrusive-related							
1	Kuri-Yawi F	Copper or copper-gold	✓	✓	✓	Underway	MobileMT defined porphyry target at depth
2	Tsenken N4			✓	✓	Planned	MobileMT refined target area
3	Kuri-Yawi C1/2		✓	✓	✓	Planned	MobileMT defined target supported pathfinder element enrichment in soil
4	Latorre C		✓		✓	Planned	MobileMT suggests a combined epithermal – porphyry target
5	Awacha			In progress	In Progress		MobileMT completed
6	Kirus		✓				

Priority	Target	Target Commodity	Target definition			Scout Drilling	Key feature / status
			Ridge-&-spur soil sampling	Grid soil sampling	Mapping		
7	Tatasham						
	Sunka						
	Tsenken N2		✓	✓		645m drilled in 3 holes	Downgraded
	Tsenken N3		✓	✓		1,246m drilled in 3 holes	
Carbonate Replacement type							
1	Shimpia – 15km trend	Silver-zinc-lead	✓	✓	✓	Planned	MobileMT completed over part of target
2	Shimpia North	Silver-zinc-lead	✓				

3.4 Mineral Property Interests and obligations

The Company made its annual concession fee payment of US\$2,077,640 (\$2,613,615) by the end of March 2021. The concession fee is a key component of keeping the 42 concessions that constitute the Lost Cities Project, in good standing. This and other requirements for concession maintenance are detailed in the Financial Statements for the three months ended March 31, 2021.

3.5 Corporate Social Responsibility

The Company’s CSR team is working closely with communities, 96% of which are Indigenous, within the Lost Cities Project area. The Company’s approach is aligned with the Equator Principles and United Nations Declaration on the Rights of Indigenous Peoples. A Stakeholder Engagement Plan incorporates early stakeholder engagement with a social impact analysis and defines opportunities for mutually beneficial partnerships between the communities, the Company and the Ecuadorian government. Specifically, the Company is working with the ministries of the Health, Agriculture, Education and Social Inclusion and Economy in addition to its normal-course interaction with the Ministry of Energy and Non-Renewable Resources (the “MENRR”) and Ministry of the Environment and Water (the “MEW”), to identify areas where the economic benefit of its exploration work can be maximized.

The Company has currently active access agreements with 41 of the 55 communities (76%) that have land within the Lost Cities Project area. In joint work between the communities, the Company and the Step Forward Foundation, clean water is now available in nine communities, and this work is on-going. In Q1, 2021, 436 part-time work opportunities were created involving people from 36 communities.

3.6 Health and Safety

The Company has maintained strict COVID-19 related protocols with the objective of minimizing the risk of spread of the virus. After 15 of the Company’s 44 employees in Ecuador tested positive for the COVID-19 virus in 2020, no cases were reported in Q1, 2021. Unfortunately, subsequent to quarter-end, four cases were detected and isolated. All of the infected people have recovered and are back at work as of the date of this MD&A.

Subsequent to quarter-end, a serious safety incident occurred when a drill contractor was bitten on the hand by a venomous snake, *Bothrops bilineatus*. The patient was accompanied back to the drill camp by the Company’s exploration team where he was treated by the camp medical doctor and was evacuated to hospital in Macas by helicopter. He was released after two nights in hospital and has fully recovered.

3.7 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 the Step Forward Foundation. Preliminary assessments of water quality have been completed in 53 of the 55 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 systems. Working with the communities, the Step Forward Foundation and local authorities, clean water has been made available to nine communities and sanitary batteries are now being installed in some of the communities with the assistance of the provincial government.

The Technical Water Group is in frequent contact with the MEW regarding progress of the processing of water-use permits required for scout drilling. Careful monitoring of water quality upstream and downstream of water offtake points for drilling and camp use, is ongoing and no issues have been detected.

3.8 Peru Project

3.8.1 Mineral Property Interests

In late 2019, the Company applied to the Peruvian Mining and Metallurgical Geological Institute “INGEMMET” for 418 mineral concessions covering over 400,000Ha. As at March 31, 2021, 30 new concessions had been applied for and title had been granted for six concessions (6,000 Ha) and 413 applications continued in the concession approval process, covering an area of 405,176Ha. As of the date of this MD&A, title has been granted to a total of 43 mineral concessions covering an area of 42,500Ha, while 372 concessions (covering an area of 362,776Ha) are proceeding through the review process. The advances for mineral property interest of \$445,074 (December 31, 2020 - \$560,155) represent cash advances made to INGEMMET that can be applied to future applications or to cover annual fees. The Company has a maximum annual obligation of \$1,446,591 in regard to the Peru Project concession payments (Table 9).

Table 9: Concession payment obligations for concessions applied for and in progress

Concession payment obligations at March 31, 2021	2021 Q2	2022 onwards Q2
Number of concessions	418	-
Hectares	401,276	377,276
Concession payments	\$1,446,591	\$1,446,591
Concession payments covered by certificates	560,155	-
Concession payments not covered by certificates	886,052	1,446,591
Total concession payment obligations	\$886,052	\$1,446,591

The Company is in the process of prioritizing the key concessions and expects to significantly reduce the number of hectares and associated fees ahead of the required payment date. The required payments were made utilizing certificate credits of USD\$85,647 and USD\$18,000 respectively, leaving a balance of approximately \$445,074 (USD\$352,925) to be used for future payments.

Obligations Related to the Concession Applications

- The applications are progressing through a process that includes verification that the applications do not cover existing concessions or ecologically fragile areas and the publication of the INGEMMET-vetted applications in the local press in the province in which the concession applications lie.
- An annual concession fee of US\$3.00 per hectare is required to be paid by the end of June to keep the concessions in good standing.
- While the Company believes that the majority of its applications will be approved, there is no guarantee that all of the concession applications will be successful.

3.9.2 Exploration

Review of geophysical data, principally seismic supported by magnetics and gravity, has revealed a framework to salt diapirism controlled by a fault network that extends through northern Peru. Early work suggests that salt tectonics drove basin brines that are assumed to have contained copper, silver, and potentially lead and zinc, to specific trap-sites. This work has provided the Company with a means of prioritizing concessions for their potential to host significant copper mineralization.



AURANIA

4. EXPENDITURES THREE MONTHS ENDED MARCH 31, 2021, COMPARED TO THREE MONTHS ENDED MARCH 31, 2020

Three months ended MARCH 31,	2021	2020 (Note 14)
Operating Expenses:		
Exploration expenditures (note 11)	\$6,137,281	\$5,319,107
Stock-based compensation (notes 8, 10)	609,712	645,340
Investor relations	180,289	606,782
Office and general	216,767	259,698
Management	131,892	140,304
Professional and administration fees	83,324	130,807
Regulatory and transfer agent fees	41,559	50,060
Director and advisor fees (note 10)	18,750	18,750
Amortization (note 5)	13,244	11,365
Project evaluation expenses including travel	-	9,814
Total expenses	7,432,818	7,192,027
Other Expenses/ (Income)		
Loss on foreign exchange	1,004	441,286
Interest income	(675)	(2,799)
Interest expense (note 6)	-	2,841
Accretion of shareholder contribution (note 6)	144,712	129,322
Net Loss and comprehensive loss for the period	7,577,859	7,762,677

For the three months ended March 31,	2021	2020
ECUADOR		
GEOLOGY/FIELD:		
- Salaries, benefits	\$697,108	\$657,390
- Camp costs, equipment, supplies	370,680	291,688
- Project management (note 10)	52,412	55,495
- Travel, accommodation	88,492	182,590
- Office (Quito, Macas)	29,555	18,677
- Environment, health & safety	137,724	103,548
- Water	33,693	21,324
- Drilling	679,075	298,055
GEOCHEMISTRY	54,583	108,908
GEOPHYSICS	941,306	230,234
OTHER TECHNICAL STUDIES	6,083	59,642
EXPERT CONSULTANTS	40,589	-
CORPORATE SOCIAL RESPONSIBILITY - fees, travel, supplies	197,767	268,694
LEGAL AND OTHER COSTS RELATED TO CONCESSIONS	14,335	3,751
CONCESSION MAINTENANCE – permits	2,613,615	2,785,907
Total exploration expense – Ecuador & Canada	5,957,017	5,085,903
PERU		
- Costs related to concession fees applications	112,456	150,102
- Technical Consulting	34,704	16,346
- Legal	33,104	66,756
Total exploration expense – Peru	180,264	233,204
TOTAL EXPLORATION EXPENSE	\$6,137,2831	\$5,319,107



AURANIA

During the quarter ended March 31, 2021, the Company incurred a loss of \$7,577,859 (2020 - \$7,762,677), increasing the accumulated deficit from \$60,463,012 at December 31, 2020 to \$67,636,978 at March 31, 2021. The Company's accounting policy is to expense exploration expenditures and therefore exploration represents the majority (81%) of the total loss. The major contributor to the loss in the three months ended March 31, 2021 over the corresponding period in 2020, is due to an \$818,176 increase in exploration expenses. A discussion of the principal expenditure items follows:

Exploration expenditures

Concession fee payments and related filings, the largest single expense item, were made on time in March to ensure the concessions remain in good standing. There were, however, significant increases for expenditures on drilling and geophysics. The increased costs were largely planned as the Company started the on-going scout drilling campaign and MobileMT survey which has now been completed. The survey took longer than planned and as a consequence incurred higher than anticipated costs largely due to standby time for the helicopter due to bad weather that continued through Q1, 2021. Other notable increases in camp costs and environment, health and safety expenses are as a result of the increased level of drilling and survey activity.

The Company's first helicopter-supported drill program in remote parts of the Project area in mountainous, tropical jungle, resulted in numerous unforeseen challenges, exacerbated by the on-going impact of the COVID-19 pandemic on operations. The effect of these challenges resulted in less meterage being drilled, and the planned drill program falling behind schedule. This has resulted in an increase in estimated costs and time required to complete the overall drill program and has required additional funding that was secured by way of a marketed overnight offering completed on April 1, 2021. The use of proceeds of that offering are detailed in the Short Form Offering Memorandum dated March 26, 2021.

Lost workdays due to COVID-19 have declined significantly since January 1, 2021, allowing drilling and field work to progress at an improved rate. The MobileMT survey continued to incur higher than planned costs due to standby charges related to continuing poor weather. However, the survey was completed subsequent to the period end. It is planned to extend the survey over other priority target areas later in the year when better weather, and productivity, is anticipated.

With the experience gained from this initial stage of the heli-supported drill campaign, the Company is better positioned to advance the remainder of the program with greater certainty relating to timing and costs. Furthermore, the Company has implemented operational changes to its programs to accelerate the drilling and better refine the shape and depth of the targets being drilled.

To accelerate the program the Company is:

- (a) Adding a second drill rig, thereby doubling monthly meterage capacity while operational support costs increase modestly.
- (b) Using a helicopter to move the rig from one drill site to the next, rather than moving the rig by hand. This operational change is designed to save six days per move, which equates to a saving of 120 days over the remainder of the drill program. The heli-supported move would significantly increase the rate of drilling per month, thereby improving the cost-efficiency of the operation. An important benefit of the heli-support is that moving the rig by helicopter reduces the involvement and movement of personnel through difficult terrain, reducing risk of slip-related accidents as well as the potential transfer of the COVID-19 virus.
- (c) Reducing the metreage needed to test the targets by using the MobileMT survey to improve the visibility of drill targets. The MobileMT survey has provided data of higher quality than anticipated, thereby defining the shape and depth of targets more precisely than expected. This clearer imaging of a target may result in more efficient scout drilling, as discussed in further detail below.

By taking these steps the Company expects to complete the Scout Drilling Program on the remaining targets by December 2021, building in a two-month contingency.

Other Operating Expenditures are as follows:

The Stock based compensation expense is the single largest expenditure item; it is a non-cash item recording the attributable cost of Stock Options and RSUs issued during and prior to the current period.

Apart from the investor relations expense, all other costs are largely consistent year on year as there has been no appreciable increase in the scale of corporate and related expenditure. The investor relations expense did decline significantly in the period as a result of much-reduced in-person marketing due to COVID-19 and also due to fewer one-off marketing campaigns in comparison to Q1, 2020. Some other decreases were experienced in office and professional fees due in part to COVID-19 impacts and various other cost savings.

Table 10: Cash Flow activities

Cash Flow Activities	Three months ended March 31, 2021	Three months ended March 31, 2020
Operating	\$(6,495,387)	\$(6,732,912)
Financing	-	6,631,973
Investing	(21,509)	(7,991)
Decrease/(increase) in cash during the period	\$(6,516,896)	\$(108,930)

At March 31, 2021, the Company's cash position decreased by \$6.5million (Table 10). 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 are included as Operating activity in the Cash Flow statement.

5. SUMMARY OF QUARTERLY RESULT

Quarters Ended	Net revenue	Net Loss	Loss per Share
March 31, 2021	-	\$7,577,859	\$0.17
December 31, 2020	-	\$2,949,615	\$0.12
September 30, 2020	-	3,219,597	0.07
June 30, 2020	-	2,034,877	0.05
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

6. LIQUIDITY AND CAPITAL RESOURCES

Capital management

The Company considers the capital that it manages to include share capital, share premium, warrants, contributed surplus and shareholder contribution and accumulated deficit which, at March 31, 2021, was a deficiency of \$3,273,721 (December 31, 2020 – surplus of \$3,459,012). The Company manages its capital structure and makes adjustments to it, based on the funds needed in order to support the acquisition and exploration of mineral properties. Management does this in light of 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, 2021. Neither the Company nor its subsidiaries are subject to externally imposed capital requirements, other than those of the TSX Venture Exchange ("TSXV"), which requires adequate working capital or financial resources of the greater of (i) \$50,000 and (ii) an amount required in order to maintain operations and cover general and administrative expenses for a period of six months. As at March 31, 2021, the Company believes it is compliant with the policies of the TSXV.

Liquidity risk

Liquidity risk is the risk that the Company will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash or another financial asset. The Company's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Company's reputation.

The Company endeavors to have sufficient cash on demand to meet expected operational expenses, including the servicing of financial obligations; this excludes the potential impact of extreme circumstances that cannot be reasonably predicted.

The Company generates cash flow primarily from its financing activities. As at March 31, 2021, the Company had available cash of \$1,662,060 (2020 - \$8,178,956) to settle current liabilities of \$1,783,077 (2020 - \$1,468,117). Also, the Company has a long-term liability of \$4,050,491 (2020 - \$4,182,495). All the Company's financial liabilities generally have contractual maturities of less than 30 days and are subject to normal trade terms, except for its promissory notes. The Company is obligated to the following contractual maturities of undiscounted cash flows as at March 31, 2020:

Table 11: Contractual maturities of undiscounted cash flows.

In Canadian \$ equivalents	Carry amount	Contractual cash flows	January 1, 2021 to March 31, 2021	Thereafter
Accounts payable and accrued liabilities	1,783,077	1,783,077	1,783,077	-
Promissory note 2017	496,573	571,032	-	571,032
Promissory note 2019	3,553,918	3,932,025	-	3,932,025
	5,833,568	6,286,134	1,783,077	4,503,057

As the Company has no steady source of revenues or cash flow and has implemented its exploration plan as anticipated, it is highly probable that additional financing will be required during 2021 to further advance exploration at the Project, to meet ongoing financial obligations and discharge the Company's liabilities in the normal course of business. The Company is considering different sources of potential funding to advance exploration, including equity issuances, short-term loans, the exercise of warrants and stock options and joint venture partnerships.

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.

The Company has been successful in funding its operations, including the payment of the 2021 concession fees, and the ongoing exploration activities including scout drilling, CSR activities as well as corporate costs in Ecuador, Peru and Canada.

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. The Company cannot accurately predict the impact 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.

7. INDEBTEDNESS

The Company's activities are partially funded by loans from its Chairman, CEO and Principal Shareholder and are described in detail in the unaudited condensed consolidated interim financial statements for the three months ended March 31, 2021.

8. EQUITY

Stock Options – Activity during the three months ended March 31, 2021:

	Number of Options	Weighted Average Exercise Price	Estimated Fair Value
Balance - December 31, 2020	3,541,000	\$2.99	\$5,151,939
Issued	200,000	3.21	28,294
Stock-based compensation expense	-	-	399,238
Balance – March 31, 2021	3,741,000	\$2.92	\$5,579,471

Stock options - Outstanding at March 31, 2021:

Issued Number of Options	Exercisable Number of Options	Exercise Price	Expiry Date	Estimated Fair Value
150,000	150,000	\$2.30	May 26, 2022	256,242
200,000	200,000	\$2.00	November 2, 2022	205,625
250,000	250,000	\$2.89	March 2, 2023	541,934
136,000	136,000	\$2.68	April 5, 2023	273,227
180,000	180,000	\$3.40	April 5, 2023	457,200
48,000	48,000	\$3.40	January 16, 2024	121,920
77,000	77,000	\$2.97	June 28, 2024	170,940
880,000	293,334	\$2.70	October 24, 2024	1,477,743
200,000	66,667	\$2.70	December 31, 2021	335,850
300,000	100,000	\$3.16	February 7, 2025	593,008
920,000	339,997	\$3.51	November 17, 2025	922,915
100,000	33,333	\$3.51	December 31, 2021	100,317
100,000	33,333	\$3.25	December 22, 2025	94,256
200,000	66,667	\$3.21	January 25, 2026	28,294
3,741,000	1,974,331			\$5,579,471

Restricted Stock Units - The following summarizes the RSU activity during the three months ended March 31, 2021:

	Number of RSUs	Weighted Average Fair Value	Estimated Fair Value
Balance – December 31, 2020	420,500	\$3.07	\$208,098
Cancelled	(28,000)	-	(24,264)
Stock-based compensation expense	-	-	182,181
Balance – March 31, 2021	392,500	\$3.46	\$366,015

Warrants - The following summarizes the warrants and Agents' Options activity and outstanding warrants and Agents' Options for the three months ended March 31, 2021:

	Number of Warrants/ Agents' Options	Weighted Average Exercise Price	Estimated Fair Value
Balance – December 31, 2020	3,380,938	\$4.87	\$2,463,801
Expired	(820,937)	4.00	(379,630)
Balance – March 31, 2021	2,560,001	\$4.75	\$2,084,171

Outstanding warrants

Expiry date	Number of Warrants	Exercise Price
August 27, 2021	4,734	\$4.00
August 28, 2021	236,994	\$4.25
September 5, 2021	671,622	\$4.25
September 13, 2021	134,951	\$4.25
September 20, 2021	11,180	\$4.00
October 29, 2022	1,339,750	\$5.20
October 29, 2022	160,770	\$4.30
Balance – March 31, 2021	2,560,001	

9. 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,	2021	2010
Management fees corporate ⁽¹⁾	\$84,485	\$87,569
Management fees technical ⁽¹⁾	99,250	102,477
Director and advisor fees ⁽²⁾	18,750	18,750
Stock-based compensation for key management and directors ⁽³⁾	304,854	366,132
Total key management compensation expense	\$507,339	\$574,928

⁽¹⁾ Salary - corporate includes 100% CFO fees, 30% of the President's compensation. Salary - 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, per director or \$3,750 per quarter.

⁽³⁾ This figure is the estimated fair value expense of vested stock options and RSUs granted to key management and directors during the three months ended March 31, 2021 and 2020.

10. RELATED PARTY TRANSACTIONS

Related parties include the Board of Directors, close family members and enterprises that are controlled by these individuals as well as certain persons performing similar functions. The Company entered into the following transactions with related parties during the three months ended March 31, 2021 and 2020:

- (a) During the three months ended March 31, 2021, the Company incurred \$36,000 (2020 - \$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.
- (b) Certain Company employees undertake work for other companies with officers and directors in common and recharges those companies with the direct cost of the work done. The amounts receivable are unsecured, non-interest bearing and have no fixed terms of repayment. During the three months ended March 31, 2021;
 - a. \$19,269 (2020-\$nil) was recharged to U308 Corp. whose President, CEO and Director, Dr. Richard Spencer is also Aurania's President and Director, and Dr. Keith Barron, Director, Chairman and CEO of Aurania is also Chairman and Director of U308 Corp. On March 31, 2021 \$19,269 remained receivable.
 - b. \$10,584 (2020-\$3,233) was recharged to Firestone Ventures Inc. Dr. Keith Barron, Chairman and CEO of the Company, is also President, CEO and Director of Firestone Ventures Inc. Dr. Richard Spencer, President and director of Aurania, also serves on the board of directors of Firestone Ventures Inc. On March 31, 2021 \$10,584 remained receivable, and
 - c. \$2,630 (2020-\$nil) was recharged to the Step Forward Foundation, a private charitable organization whose founder and Director Dr. Keith Barron, is also the Chairman and CEO of the Company. On March 31, 2021, \$2,630 remained receivable. This amount is unsecured, non-interest bearing and due on demand.

- (c) For other related party transactions, see notes 6 and 10 of the unaudited condensed consolidated interim financial statements for the three months ending March 31, 2021.

11. OFF-BALANCE SHEET TRANSACTIONS

There are no other transactions contemplated at this time.

12. 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.

13. 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.
- (d) the existence and estimated amount of contingencies.
- (e) the valuation of shareholder contribution in connection with the issue of promissory note.

14. CHANGES IN ACCOUNTING POLICIES AND FINANCIAL INSTRUMENTS

Changes in Accounting Policies

During the three months ended March 31, 2021, the Company adopted a number of new IFRS standards, interpretations, amendments and improvements of existing standards. These included IAS1 and IFRS3. These new standards and changes 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.



15. RISKS AND UNCERTAINTIES

There were no significant changes in the material risk and uncertainties faced by the Company from those reported in the Management Discussion and Analysis for the three months ended March 31, 2021 apart from the increased risks associated with COVID-19 pandemic as discussed under section 8. Liquidity and Capital Resources above.

16. 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.

The Company is party to certain management contracts. These contracts contain minimum commitments of approximately \$693,000 and additional contingent payments of up to approximately \$1,040,000 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.

17. SUBSEQUENT EVENTS

Brokered overnight marketed public offering and concurrent private placement

On April 1, 2021, the Company closed its previously announced overnight marketed public offering of units of the Company (the "Units"), including exercise in full of the over-allotment option (the "Offering"). A total of 2,507,000 Units were sold at a price of \$3.10 per Unit (the "Offering Price") for gross proceeds of \$7,771,700. Each Unit is comprised of one (1) common share in the capital of the Company (each, a "Common Share") and one Common Share purchase warrant (a "Warrant"). Each Warrant shall entitle the holder to purchase one Common Share at \$4.25 at any time on or before the date which is 36 months after the Closing Date. In connection with the Offering, the Company paid to the Underwriters a cash commission of 6% of the gross proceeds from the Offering and issued to the Underwriters a number of compensation warrants equal to 6% of the Units sold under the Offering ("Compensation Warrants"). Each Compensation Warrant is exercisable into a Unit at the exercise price of \$4.25 per Unit until April 1, 2024.

On April 7, 2021, the Company closed its previously announced concurrent private placement of Units (which will have substantially the same terms and conditions as the Units issued in the Offering) for gross proceeds of \$1,251,498 during the week of April 7, 2021, paying a cash commission of 3%.

18. 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.

19. SHARE DATA

As at	Common Shares	Shares to be issued	Warrants	Agents' Options and Warrants	Stock Options	RSUs	Fully Diluted
December 31, 2020	43,951,179	183,949	3,204,254	176,684	3,541,000	325,951	51,383,017
March 31, 2021	43,957,679	84,400	2,383,317	176,684	1,974,331	392,500	48,968,911
May 25, 2021	46,868,388	84,400	2,383,317	176,684	1,974,331	392,500	51,879,620

20. ADDITIONAL INFORMATION

The Company

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

Directors, Officers and Management

Keith Barron – Chief Executive Officer, Chairman of the Board of Directors (“Board”) and Director
 Richard Spencer – President and Director
 Warren Gilman – Director
 Jonathan Kagan – Director
 Nathalie Han – Director
 Alfred Lenarciak – Director (Lead Director)
 Antony Wood – Chief Financial Officer
 Jean Paul Pallier – Vice President - Exploration (“VPX”)
 Carolyn Muir – Vice President - Investor Relations

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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 (“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.