

PLEASE READ THIS MATERIAL CAREFULLY AS YOU ARE REQUIRED TO MAKE A DECISION PRIOR TO 5:00 P.M. (TORONTO TIME) ON MARCH 6, 2019.

This rights offering circular is prepared by management. No securities regulatory authority or regulator has assessed the merits of these securities or reviewed this circular. Any representation to the contrary is an offence.

This is the circular we referred to in the January 28, 2019 rights offering notice, which you should have already received. Your rights certificate and relevant forms were enclosed with the right offering notice. This circular should be read in conjunction with the rights offering notice and our continuous disclosure prior to making an investment decision.

The securities offered hereby have not been and will not be registered under the United States Securities Act of 1933, as amended (the "U.S. Securities Act"), or the securities laws of any state of the United States. This rights offering circular does not constitute an offer to sell or a solicitation of an offer to buy any of the securities offered hereby within the United States, and the securities offered herein may not be offered or sold in or into the United States or to U.S. persons unless registered under the U.S. Securities Act and applicable state securities laws, or pursuant to an exemption from such registration requirements as described herein. "United States" and "U.S. person" are as defined in Regulation S under the U.S. Securities Act.

Rights Offering Circular

January 28, 2019



AURANIA
RESOURCES LTD.

We currently have sufficient working capital to last 2 months. We require 100% of the offering to meet our working capital requirements for the next 6 months without other sources of financing.

OFFERING OF RIGHTS TO SUBSCRIBE FOR COMMON SHARES AT A PURCHASE PRICE OF \$2.70 PER COMMON SHARE

References in this circular to "we", "our", "us" and similar terms mean to Aurania Resources Ltd. (the "**Company**"). References in this circular to "you", "your" and similar terms mean to holders of the Company's common shares (the "**Common Shares**"). Unless otherwise indicated, references herein to "\$" or "dollars" are to Canadian dollars.

SUMMARY OF THE RIGHTS OFFERING

| | |
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| Why are you reading this circular? | We are issuing to the holders of our outstanding Common Shares of record at the close of business on February 4, 2019 (the " Record Date ") and who are resident in a province or territory of Canada (the " Eligible Jurisdictions "), an aggregate of 32,915,316 rights to subscribe for an aggregate of 2,351,094 Common Shares on the terms described in this circular (the " Offering "). The purpose of this circular is to provide you with detailed information about your rights and obligations in respect of this Offering. This circular should be read in conjunction with the offering notice (the " Rights Offering Notice ") which you should have already received by mail. If you have not received the Rights Offering Notice, please contact TSX Trust Company at +1 866 393-4891 or at TMXEInvestorServices@tmx.com . |
| What is being offered? | Each holder of Common Shares on the Record Date who is resident in an Eligible Jurisdiction will receive one right (a " Right ") for each one Common Share held. |
| Who is eligible to receive Rights? | The Rights are offered only to shareholders resident in Eligible Jurisdictions (the " Eligible Holders "). Shareholders will be presumed to be resident in the place shown on their registered address, unless the contrary is shown to our satisfaction. Neither the Rights Offering Notice nor this circular is to be |

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| | <p>construed as an offering of the Rights, nor are the Common Shares issuable upon exercise of the Rights offered for sale, in any jurisdiction outside of Eligible Jurisdictions or to shareholders who are residents of any jurisdiction other than the Eligible Jurisdictions (the “Ineligible Holders”). Accordingly, Ineligible Holders will be sent a letter advising them that their Rights will be held by TSX Trust Company (the “Depositary”), located at Suite 301 – 100 Adelaide Street West, Toronto ON M5H 4H1 (the “Subscription Office”), who will hold such Rights as agent for the benefit of all such Ineligible Holders. The letter will also describe the conditions that must be met, and the procedures that must be followed, in order for an Ineligible Holder to participate in the Offering.</p> |
| <p>What do fourteen (14) Rights entitle you to receive?</p> | <p>Each fourteen (14) Rights entitles you to subscribe for one (1) Common Share upon payment of the Subscription Price (called the “Basic Subscription Privilege”) until 5:00 p.m. (Toronto time) on March 6, 2019.</p> <p>If you exercise your Basic Subscription Privilege in full, you will also be entitled to subscribe pro rata for Common Shares (the “Additional Common Shares”) not otherwise purchased, if any, pursuant to the Basic Subscription Privilege (called the “Additional Subscription Privilege”).</p> |
| <p>What is the subscription price?</p> | <p>\$2.70 per Common Share (the “Subscription Price”).</p> |
| <p>When does the offer expire?</p> | <p>5:00 p.m. (Toronto time) on March 6, 2019 (the “Expiry Time”).</p> |
| <p>What are the significant attributes of the Rights issued under the Offering and the Common Shares to be issued upon the exercise of the Rights?</p> | <p>Each fourteen (14) Rights entitles you to subscribe for one (1) Common Share upon payment of the Subscription Price. We are authorized to issue an unlimited number of Common Shares, of which, as at the date hereof 32,915,316 are issued and outstanding. Holders of Common Shares are entitled to dividends if, as and when declared by our directors, to one vote per share at meetings of our shareholders and, upon liquidation, to receive such assets of the Company as are distributable to the holders of the Common Shares.</p> |
| <p>What are the minimum and maximum number or amount of Common Shares that may be issued under the Offering?</p> | <p>A maximum of 2,351,094 Common Shares will be issued under the Offering.</p> <p>There is no minimum number of Common Shares that may be issued under the Offering. Pursuant to the Stand-By Agreement (as defined herein) the Stand-By Purchaser (as defined herein) has agreed to acquire 1,481,482 Common Shares not otherwise acquired under the Offering by holders of Rights, including pursuant to the Basic Subscription Privilege and the Additional Subscription Privilege (the “Stand-By Shares”).</p> |
| <p>Where will the Rights and the Common Shares issuable upon exercise of the Rights be listed for trading?</p> | <p>The Common Shares are listed on the TSX Venture Exchange (the “TSXV”) under the trading symbol “ARU”.</p> <p>The Rights will trade on the TSXV under the trading symbol “ARU.RT” until 12:00 p.m. (Toronto time) on March 6, 2019.</p> |

FORWARD-LOOKING STATEMENTS

This circular contains forward-looking statements. All statements, other than statements of historical fact that address activities, events or developments that we believe, expect or anticipate will or may occur in the future are forward-looking statements. These forward-looking statements reflect our current expectations or beliefs based on information currently available to us. Forward-looking statements in this circular include, without limitation, statements with respect to: our expectations regarding the estimated costs of the Offering and the net proceeds to be available upon completion; the use of proceeds from the Offering and the availability of funds from sources other than the Offering; the listing of the Rights and the Common Shares on the TSXV; the potential shareholdings of the Stand-by Purchasers following closing of the Offering; and our ability to continue as a going concern.

The forward-looking statements are based on a number of key expectations and assumptions made by the Company's management relating to the Company including, but not limited to: the completion of the Offering; the estimated costs of the Offering; the estimated amount of funds raised under the Offering; and the anticipated operating expenses of the Company for the 12 month period following the Expiry Date.

Forward-looking statements are subject to a number of risks and uncertainties that may cause the Company's actual results to differ materially from those discussed in the forward-looking statements and, even if such actual results are realized or substantially realized, there can be no assurance that they will have the expected consequences to, or effects on, the Company. Factors that could cause actual results or events to differ materially from current expectations include, among other things: uncertainties relating to the availability and cost of funds; closing of the Offering; delays in obtaining or failure to obtain required approvals to complete the Offering and the Stand-by Commitment; the ability of the Stand-by Purchasers to terminate the Stand-by Agreement in certain circumstances; the uncertainty associated with estimating costs to completion of the Offering, including those yet to be incurred; dilution of the shareholdings of shareholders who do not exercise all of their Rights under the Offering; the potential increase in voting power of the Stand-By Purchasers; uncertainties relating to the trading market for Rights; irrevocability of the exercise of Rights by a shareholder; the subscription price is not necessarily an indication of value; if a shareholder fails to follow the subscription procedure and abide by the subscription deadline their subscription may be rejected; and other risks and uncertainties related to the Company's business and the Offering, including those described in the Company's public disclosure documents on SEDAR at www.sedar.com.

Any forward-looking statement speaks only as of the date on which it is made and, except as may be required by applicable securities laws, the Company disclaims any intent or obligation to update any forward-looking statement, whether as a result of new information, future events or results or otherwise. Although we believe that the assumptions inherent in the forward-looking statements are reasonable, forward-looking statements are not guarantees of future performance and, accordingly, undue reliance should not be put on such statements due to their inherent uncertainty.

USE OF AVAILABLE FUNDS

What will our available funds be upon closing of the Offering?

Assuming the exercise of all Rights, the maximum net proceeds to the Company from the Offering will be approximately \$6,079,500, after deducting estimated expenses of \$270,500 associated with the Offering.

| Available Funds Following Offering | | | | | | |
|------------------------------------|---|---|---|---|--------------------------------|---------------------------------|
| | | Assuming Stand-By Commitment Only ⁽¹⁾ | Assuming 15% of Offering ⁽²⁾ | Assuming 50% of Offering ⁽²⁾ | Assuming 75% of Offering | Assuming 100% of Offering |
| A | Amount to be raised by this offering | \$4,000,000 | \$952,500 | \$3,175,000 | \$4,762,500 | \$6,350,000 |
| B | Selling commissions and fees ⁽³⁾ | \$120,000 | \$28,575 | \$95,250 | \$142,875 | \$190,500 |
| C | Estimated offering costs (e.g., legal, Rights Agent, filing fees) | \$60,000 | \$60,000 | \$60,000 | \$70,000 | \$80,000 |

| | | | | | | |
|---|--|-------------|-------------|-------------|-------------|-------------|
| D | Available funds: D = A - (B+C) | \$3,820,000 | \$863,925 | \$3,019,750 | \$4,549,625 | \$6,079,500 |
| E | Additional sources of funding ⁽⁴⁾ | \$400,000 | \$400,000 | \$400,000 | \$400,000 | \$400,000 |
| F | Working capital deficiency | \$Nil | \$Nil | \$Nil | \$Nil | \$Nil |
| G | Total: G = (D+E) - F | \$4,220,000 | \$1,263,925 | \$3,419,750 | \$4,949,625 | \$6,479,500 |

Notes:

- (1) If only the Stand-By Commitment is exercised, the Stand-By Purchaser will subscribe for an aggregate 1,481,482 Common Shares at the Subscription Price for aggregate gross proceeds of \$4,000,000. See “Stand-By Commitment” below.
- (2) Assumes the Stand-By Commitment is not completed.
- (3) The Company may pay cash commissions of 3% to certain parties in connection with solicitations of the exercise of Rights.
- (4) Working capital as at the date hereof is estimated to be \$400,000. The Company has negotiated an extension of a promissory note with Dr. Keith Barron to defer the maturity date from May 29, 2019 to May 29, 2020. Accordingly this payable does not impact working capital.

How will we use the available funds?

The net proceeds from the Offering (the “Available Funds”) will be used for the purposes set out in the table below.

| Use of Available Funds | | | | | |
|--|-----------------------------------|--------------------------|--------------------------|--------------------------|---------------------------|
| Description of intended use of available funds listed in order of priority | Assuming Stand-By Commitment Only | Assuming 15% of Offering | Assuming 50% of Offering | Assuming 75% of Offering | Assuming 100% of Offering |
| Government property payments for Ecuador mineral concessions ⁽¹⁾ | \$2,680,000 | \$1,226,500 | \$2,680,000 | \$2,680,000 | \$2,680,000 |
| General and administrative expenses | \$600,000 | Nil | \$600,000 | \$600,000 | \$600,000 |
| Exploration expenses at the Company’s Lost Cities – Cutucu Project in Ecuador ⁽²⁾ | \$940,000 | Nil | \$139,750 | \$1,669,625 | \$3,199,500 |
| Total: | \$4,220,000 | \$1,263,925 | \$3,419,750 | \$4,949,625 | \$6,479,500 |

Notes:

- (1) An annual mineral concession fee of \$2,680,000 for the Company’s 42 mineral concessions comprising the Lost Cities – Cutucu Project in Ecuador is required to be paid by March 31, 2019.
- (2) Exploration expenses will primarily consist of scout drilling and regional exploration on the concessions that make up the Company’s priority gold targets.

Management estimates that cash on hand and the proceeds of \$4.0 million from the Stand-By Commitment are sufficient to fund operations for approximately six months. During this period, the Company will fund all prescribed Ecuador government property payments due March 31, 2019 (the “Concession Fees”) for the year, pay general and administrative expenses for six months, and fund our exploration program with remaining funds.

In the event the Company raises 15% of the Offering, and not the amount under the Stand-By Commitment, the Available Funds will not be sufficient to fund the Concession Fees and pay general and administrative expenses. In either event, it is anticipated that the entirety of the Available Funds will be used to fund a portion of the Concession Fees. A default on the payment of the Concession Fees would result in a loss of the rights, title and interest in the Lost Cities – Cutucu Project in Ecuador. See “Stand-By Commitment”.

In the event the Company raises 50% of the Offering, and not the amount under the Stand-By Commitment, we anticipate that the Available Funds will be used as described above to fund all Concession Fees for the year and pay general and administrative expenses for six months. We anticipate that any remaining funds will be used to fund a portion of exploration expenses. See “Stand-By Commitment”.

In the event the Company raises 75% or greater of the Offering, we anticipate that the Available Funds will be used as described above to fund all Concession Fees for the year and pay general and administrative expenses for six months. We anticipate that any remaining funds will be used to fund six months of scout drilling and regional exploration on the Crunchy Hill concession, the Company’s first gold target, which forms part of the Lost Cities – Cutucu Project in Ecuador (the “CH Concession”) and at one other priority gold target yet to be determined. See “Stand-By Commitment”.

Management intends to spend the Available Funds as stated, however there may be circumstances where the reallocation of funds may be necessary. We will reallocate funds only for sound business reasons.

Any exercise of outstanding common share purchase warrants, obtaining funds from potential joint venture partners or sourcing further funds from insiders will provide working capital to fund the remainder of the Company's budgeted planned exploration expenses for the 12 months from the date of this circular, but such events cannot be assured. Accordingly, the Company's ability to continue operations and fund its future exploration property expenditures and property payments is highly dependent on management's ability to secure additional financing. The Company acknowledges that while it has been successful in raising sufficient capital in the past, there can be no assurance it will be able to do so in the future. In the absence of further funding at that time, there is a risk that the Company will reduce or suspend operations in six months and will reduce or forfeit some or all of its interests in its mineral exploration properties in the following year if funding is not available for annual licensing fees. **As a result of these financial circumstances, there is a material uncertainty that results in significant doubt regarding the Company's ability to continue as a going concern.** See "Risk Factors".

How long will the available funds last?

We expect the Offering, assuming 100% participation, will be insufficient to meet our working capital requirements for the 12 months from the date of this circular, as prescribed. However, it is sufficient to meet our working capital requirements for the Company to fund all Concession Fees for the year, general and administrative expenses and six months of drilling and regional exploration on the CH Concession and one other priority gold target.

Our present means of acquiring investment capital are by means of any exercise of outstanding common share purchase warrants, the sale of our common shares and obtaining funds from potential joint venture partners. We have limited funds to engage in exploration and development which will be necessary to exploit our properties and make additional acquisition payments to maintain our property interests and repay outstanding debt. There is no assurance that we will be able secure additional financing in the future.

INSIDER PARTICIPATION

Will insiders be participating?

One or more of the Company's directors, executive officers and control person have indicated their intention to participate in the Offering.

This reflects the intentions of such insiders (as defined in applicable Canadian securities legislation) as of the date hereof to the extent such intentions are reasonable known to the Company, however such insiders may alter their intentions before the Expiry Time. No assurance can be given that the respective insiders will exercise their Rights to acquire Common Shares.

As of the date hereof, Dr. Keith Barron, Chairman and Chief Executive Officer of the Corporation, exercises control or direction over a total of 17,125,065 Common Shares representing 52.0% of the issued and outstanding Common Shares. We have entered into a Stand-By Agreement with Dr. Barron pursuant to which he will fully exercise his Basic Subscription Privilege as well as subscribe for 339,811 Additional Common Shares pursuant to the Additional Subscription Privilege, for a total aggregate subscription amount of \$4,000,000 entitling him to subscribe for 1,481,482 Common Shares. See "Stand-By Commitment".

Who are the holders of 10% or more of our Common Shares before and after the Offering?

To the knowledge of the directors and executive officers of the Company, as at the date hereof, no person or company beneficially owns, directly or indirectly, or controls or directs more than 10% of any class of voting securities of the Company, other than as set out below:

| Name | Common Shares held before the Offering | Common Shares held after the Offering |
|-----------------------------|---|--|
| Keith Barron ⁽¹⁾ | 17,125,065 | 18,606,547 |

Note:

(1) 15,547,873 of the Common Shares noted above are held by Bambazonke Holdings Ltd., a company controlled by Dr. Keith Barron.

DILUTION

If I do not exercise my Rights, by how much will my security holdings be diluted?

If you wish to retain your current percentage ownership of the Common Shares, you should exercise your Rights and pay the Subscription Price for the Common Shares to which you are entitled to subscribe for under the Basic Subscription Privilege. If you do not exercise your Rights or elect to sell or transfer your Rights, the value of the Common Shares currently held by you will be diluted as a result of the exercise of Rights by others.

As an illustration, if you own 14,000 Common Shares on the Record Date, fail to exercise your Right to purchase 1,000 Common Shares under the Offering pursuant to the Basic Subscription Privilege, and all other Shareholders fully exercise their Basic Subscription Privilege (i.e. the Corporation issues 2,350,094 Common Shares), your percentage ownership of the Common Shares will decrease from 0.043% to 0.040%.

STAND-BY COMMITMENT

Who are the Stand-By Purchasers and what are the fees?

We have entered into a Stand-By purchase agreement (the “**Stand-By Agreement**”) with Dr. Barron (the “**Stand-By Purchaser**”), pursuant to which the Stand-By Purchaser has agreed to purchase, subject to certain terms, conditions and limitations contained within the Stand-By Agreement, and the Company has agreed to issue, 1,481,482 Common Shares (the “**Stand-By Commitment**”). No fees are payable to the Stand-By Purchaser pursuant to the Stand-By Agreement.

The acquisition of securities pursuant to the Offering by the Stand-By Purchaser is considered a "related party transaction" pursuant to Multilateral Instrument 61-101 - *Protection of Minority Security Holders in Special Transactions* (“**MI 61-101**”). The Company is relying on an exemption from the formal valuation requirements of MI 61-101 available on the basis of the securities of the Company not being listed on specified markets, including the Toronto Stock Exchange, the New York Stock Exchange, the American Stock Exchange, the NASDAQ or certain overseas stock exchanges. The Company is also relying on the exemption from minority shareholder approval requirements under MI 61-101 as the fair market value of the participation in the Offering by the Stand-By Purchaser does not exceed 25% of the market capitalization of the Company.

The Company intends to proceed with the Offering even if the conditions to the Stand-By Purchaser’s obligation to exercise the Basic Subscription Privilege and to provide the Stand-By Commitment are not met. However, if the Stand-By Purchaser becomes entitled to terminate such obligation and thereafter does so, the anticipated proceeds of the Offering may not be fully realized and this will have a material adverse effect on the Company. The Stand-By Purchaser may terminate the Stand-By Agreement under certain circumstances including if (i) any order is issued by a governmental entity pursuant to applicable laws, or if there is any change of law, which operates to prevent or restrict the lawful distribution of the securities; (ii) the Company is in breach of any of the material terms, conditions and covenants of the Stand-By Agreement and such breach has not been remedied pursuant to the terms of the Stand-by Agreement; (iii) the Common Shares or the Rights are de-listed or suspended or halted for trading for a period greater than three business days for any reason by the TSXV at any time prior to the closing of the Offering; (iv) any Material Adverse Change (as that term is defined in the Stand-By Agreement) occurs; (v) the Company fails to obtain (1) final listing approval from the TSXV for the Rights at least 2 days prior to Record Date and (2) conditional acceptance from the TSXV in respect of issuance of the Common Shares issuable pursuant to the exercise of the Rights; (vi) the conditions set out in Section 8.2 of the Stand-By Agreement have not been satisfied before the closing date; (vii) this circular is not accepted for filing by the Regulatory Authorities (as that term is defined in the Stand-By Agreement) within 8 days of the date of the Stand-By Agreement or such later date as mutually agreed by the parties; or (viii) the Expiry Time has not occurred by March 6, 2019.

Have we confirmed that the Stand-By Purchaser has the financial ability to carry out the Stand-By Commitment?

Yes.

What are the security holdings of the Stand-By Purchasers before and after the Offering?

As of the date of this Circular, the Stand-By Purchaser holds 52.0% of the issued and outstanding Common Shares. If only the Stand-By Purchaser subscribes for Common Shares under the Offering and the Stand-By Commitment was taken up entirely, then following completion of the Offering, the Stand-By Purchaser would own 54.1% of the issued and outstanding Common Shares.

| Name | Holdings before the Offering | Holdings after the Offering if the Stand-By Purchaser takes up the entire Stand-By Commitment ⁽¹⁾ |
|--------------|------------------------------|--|
| Keith Barron | 17,125,065 | 18,606,547 |

Note:

(1) Assuming only the Stand-By Purchaser subscribes for Common Shares.

On completion of the Offering, assuming that only the Stand-By Purchaser subscribes for Common Shares, the Stand-By Purchaser, previously a holder of 52.0% of the issued and outstanding Common Shares, will acquire approximately 2.1% of the issued and outstanding shares of the class. Prior to the Offering, the Stand-By Purchaser owned 17,125,065 Common Shares, representing 52.0% of the Common Shares on a partially diluted basis. After completion of the Offering, assuming that only the Stand-By Purchaser subscribes for Common Shares, the Stand-By Purchaser will own 18,606,547 Common Shares, representing 54.1% of the Common Shares on a partially diluted basis.

MANAGING DEALER AND SOLICITING DEALER

Who is the managing dealer or soliciting dealer and what are its fees?

The Company has not retained any party to solicit subscriptions for Common Shares pursuant to the Offering. However, the Corporation shall pay a solicitation fee pursuant to the Offering of 3% (\$0.08) for each Common Share subscribed for to any member of Investment Industry Regulatory Organization of Canada (“**IROC**”) whose name appears in the place provided on a rights certificate representing Rights surrendered for exercise subject to a minimum of \$25. There will be no maximum fee.

Does the soliciting dealer have a conflict of interest?

Not applicable.

HOW TO EXERCISE THE RIGHTS

Subscriptions for Common Shares made in connection with this Offering either directly or through a Participant will be irrevocable.

How does a security holder that is a registered holder participate in the rights offering?

If you are a registered holder of Common Shares in an Eligible Jurisdiction, a certificate (the “**Rights Certificate**”) representing the total number of transferable Rights to which you are entitled as at the Record Date has been mailed to you with a copy of the Rights Offering Notice. To exercise the Rights represented by the Rights Certificate, you must complete and deliver the Rights Certificate in accordance with the instructions set out below. Rights not exercised at or prior to the Expiry Time will be void and of no value. The method of delivery is at the discretion and risk of the holder of the Rights Certificate and delivery to the Depositary will only be effective when actually received by the Depositary at its Subscription Office, see “*Appointment of Depositary – Who is the Depositary?*” Rights Certificates and payments received after the Expiry Time will not be accepted.

In order to exercise your rights you must:

1. **Complete and sign Form 1 on the Rights Certificate.** The maximum number of Rights that you may exercise under the Basic Subscription Privilege is shown in the box on the upper right hand corner of the face of the Rights Certificate. If you complete the Form 1 so as to exercise some but not all of the rights evidenced by the Rights Certificate, you will be deemed to have waived the unexercised balance of such Rights, unless you otherwise specifically advise the Depositary at the time the Rights Certificate is surrendered to the Depositary.

2. ***Additional Subscription Privilege.*** Complete and sign Form 2 on the Rights Certificate only if you also wish to participate in the Additional Subscription Privilege. See “*How to exercise the Rights? – What is the Additional Subscription Privilege and how can you exercise this privilege?*” below.
3. ***Enclose payment in Canadian funds by certified cheque, bank draft or money order payable to the order of TSX Trust Company.*** To exercise the Rights you must pay \$2.70 per Common Share. In addition to the amount payable for any Common Shares you wish to purchase under the Basic Subscription Privilege, you must also pay the amount required for any Common Shares subscribed for under the Additional Subscription Privilege.
4. ***Delivery.*** Deliver or mail the completed Rights Certificate and payment in the enclosed return envelope addressed to the Depository so that it is received by the Subscription Office of the Depository set forth below before the Expiry Time. If you are mailing your documents, registered mail is recommended. Please allow sufficient time to avoid late delivery.

The signature of the Rights Certificate holder must correspond in every particular with the name that appears on the face of the Rights Certificate.

Signatures by a trustee, executor, administrator, guardian, attorney, officer of a company or any person acting in a fiduciary or representative capacity should be accompanied by evidence of authority satisfactory to the Depository. We will determine all questions as to the validity, form, eligibility (including time of receipt) and acceptance of any subscription in our sole discretion. Subscriptions are irrevocable. We reserve the right to reject any subscription if it is not in proper form or if the acceptance thereof or the issuance of Common Shares pursuant thereto could be unlawful. We also reserve the right to waive any defect in respect of any particular subscription. Neither we nor the Depository is under any duty to give any notice of any defect or irregularity in any subscription, nor will we be liable for the failure to give any such notice.

How does a security holder that is not a registered holder participate in the rights offering?

You are a beneficial Eligible Holder if you hold your Common Shares through a securities broker or dealer, bank or trust company or other participant (each, a “**Participant**”) in the book-based system administered by CDS Clearing and Depository Services Inc. (“**CDS**”). The total number of Rights to which all beneficial Eligible Holders as at the Record Date are entitled will be issued to CDS and will be deposited with CDS following the Record Date. We expect that each beneficial Eligible Holder will receive a confirmation of the number of Rights issued to it from its Participant in accordance with the practices and procedures of that Participant. CDS will be responsible for establishing and maintaining book-entry accounts for Participants holding Rights.

Neither we nor the Depository will have any liability for (i) the records maintained by CDS or Participants relating to the Rights or the book-entry accounts maintained by them, (ii) maintaining, supervising or reviewing any records relating to such Rights, or (iii) any advice or representations made or given by CDS or Participants with respect to the rules and regulations of CDS or any action to be taken by CDS or Participants.

If you are a beneficial Eligible Holder:

1. to exercise your Rights held through a Participant, you must instruct such Participant to exercise all or a specified number of such Rights, and forward to such Participant, the Subscription Price for each Common Share that you wish to subscribe for; and
2. you may subscribe for Additional Common Shares pursuant to the Additional Subscription Privilege by instructing such Participant to exercise the Additional Subscription Privilege in respect of the number of Additional Common Shares you wish to subscribe for, and forwarding to such Participant the Subscription Price for such Additional Common Shares requested.

Any excess funds will be returned to the relevant Participant for the account of the beneficial holder, without interest or deduction.

Can I combine, exchange or divide my Rights Certificate?

Rights Certificates may be combined, divided or exchanged by delivering such Rights Certificates, accompanied by appropriate instructions or a completed Form 4 on the Rights Certificate, to the Subscription Office listed under the heading “*Appointment of Depositary – Who is the Depositary?*”. Rights Certificates must be surrendered for division, combination or exchange by such date as will permit new Rights Certificates to be issued and used by the holder thereof prior to the Expiry Time.

Who is eligible to receive rights?

No offering outside of Eligible Jurisdictions. The Rights are being offered to Shareholders in each of the provinces and territories of Canada. Shareholders will be presumed to be resident in the place of their registered address, unless the contrary is shown to the satisfaction of the Company. This Offering circular is not to be construed as an offering of the Rights, nor are the Common Shares issuable upon exercise of the Rights offered for sale, in any jurisdiction outside the Eligible Jurisdictions or to Shareholders who are residents of any jurisdiction other than the Eligible Jurisdictions.

Ineligible Holders may not acquire rights or the Common Shares issuable upon exercise of the rights. We will not issue or forward rights certificates to Ineligible Holders. The rights certificates of Ineligible Holders will be issued to and held on their behalf by the Depositary. The Depositary will send a letter to the Ineligible Holders advising that, unless an Ineligible Shareholder provides assurances acceptable to the Company that such offering to and subscription by such Ineligible Shareholder is lawful and in compliance with all securities and other applicable laws in the jurisdiction in which such Ineligible Shareholder resides (an “**Approved Eligible Holder**”), in writing, on or before February 18, 2019, the Depositary will attempt to sell the rights of Ineligible Holders on such dates and at such prices as it determines in its sole discretion.

Participants receiving Rights on behalf of beneficial Ineligible Holders will be instructed by CDS not to permit the exercise of such Rights unless the holder is an Approved Eligible Holder. After February 18, 2019, Participants should attempt to sell the Rights of Ineligible Holders for the accounts of such holders and should deliver any proceeds of sale to such holders.

No charge will be made for the sale of Rights by the Depositary except for a proportionate share of any brokerage commissions incurred by the Depositary and the costs of or incurred by the Depositary in connection with the sale of the Rights. Registered Ineligible Holders will not be entitled to instruct the Depositary in respect of the price or the time at which the Rights are to be sold. The Depositary will endeavour to effect sales of Rights on the open market and any proceeds received by the Depositary with respect to the sale of Rights net of brokerage fees and costs incurred and, if applicable, the Canadian tax required to be withheld, will be divided on a *pro rata* basis among such registered Ineligible Holders and delivered by mailing cheques (in Canadian funds) of the Depositary therefor as soon as practicable to such registered Ineligible Holders at their addresses recorded on the Company’s books. Amounts of less than \$10.00 will not be remitted. The Depositary will act in its capacity as agent of the registered Ineligible Holders on a best efforts basis only and we and the Depositary do not accept responsibility for the price obtained on the sale of, or the inability to sell, the Rights on behalf of any registered Ineligible Holder. Neither we nor the Depositary will be subject to any liability for the failure to sell any Rights of registered Ineligible Holders or as a result of the sale of any Rights at a particular price or on a particular day. ***There is a risk that the proceeds received from the sale of Rights will not exceed the costs of or incurred by the Depositary in connection with the sale of such Rights and, if applicable, the Canadian tax required to be withheld. In such event, no proceeds will be remitted.***

Holders of Rights who are not resident in Canada should be aware that the acquisition and disposition of Rights or Common Shares may have tax consequences in the jurisdiction where they reside, which are not described herein. Accordingly, such holders should consult their own tax advisors about the specific tax consequences in the jurisdiction where they reside of acquiring, holding and disposing of Rights or Common Shares.

What is the Additional Subscription Privilege and how can you exercise this privilege?

Registered holders of Rights

If you exercise all of your Rights under the Basic Subscription Privilege, you may subscribe for additional Common Shares that have not been subscribed and paid for pursuant to the Basic Subscription Privilege (the “**Additional**”).

Common Shares”) pursuant to the Additional Subscription Privilege.

If you wish to exercise the Additional Subscription Privilege, you must first exercise your Basic Subscription Privilege in full by completing Form 1 on the Rights Certificate for the maximum number of Common Shares that you may subscribe for and also complete Form 2 on the Rights Certificate, specifying the number of Additional Common Shares desired. Send the purchase price for the Additional Common Shares under the Additional Subscription Privilege with your Rights Certificate to the Depository. The purchase price is payable in Canadian funds by certified cheque, bank draft or money order payable to the order of TSX Trust Company. These funds will be placed in a segregated account pending allocation of the Additional Common Shares, with any excess funds being returned by mail without interest or deduction.

If the aggregate number of Additional Common Shares subscribed for by those who exercise their Additional Subscription Privilege is less than the number of available Additional Common Shares, each such holder of Rights will be allotted the number of Additional Common Shares subscribed for under the Additional Subscription Privilege.

If the aggregate number of Additional Common Shares subscribed for by those who exercise their Additional Subscription Privilege exceeds the number of available Additional Common Shares, each such holder of Rights will be entitled to receive the number of Additional Common Shares equal to the lesser of:

1. the number of Additional Common Shares subscribed for by the holder under the Additional Subscription Privilege; and
2. the product (disregarding fractions) obtained by multiplying the aggregate number of Additional Common Shares available through unexercised Rights by a fraction, the numerator of which is the number of Rights previously exercised by the holder and the denominator of which is the aggregate number of Rights previously exercised by all holders of Rights who have subscribed for Additional Common Shares under the Additional Subscription Privilege.

As soon as practicable after the Expiry Time, the Depository will mail to each holder of Rights who completed Form 2 on the Rights Certificate, a Direct Registration System Advice or a certificate for the Additional Common Shares which that holder has purchased and shall return to the holder any excess funds paid for the subscription of Additional Common Shares by such holder under the Additional Subscription Privilege, without interest or deduction.

Beneficial holders of Rights

If you are a beneficial holder of Rights through a Participant in CDS and you wish to exercise your Additional Subscription Privilege, you must deliver your payment and instructions to the Participant sufficiently in advance of the Expiry Time to allow the Participant to properly exercise the Additional Subscription Privilege on your behalf.

How does a rights holder sell or transfer Rights?

Registered holders of Rights

The Rights will trade on TSXV under the trading symbol “ARU.RT” until 12:00 p.m. (Toronto time) on March 6, 2018. If you do not wish to exercise your Rights, you may sell or transfer them directly or through your stockbroker or investment dealer at your expense, subject to any applicable resale restrictions. See “*How to exercise the Rights – Are there restrictions on the resale of securities?*” You may elect to exercise a part only of your Rights and dispose of the remainder, or dispose of all your Rights. Any commission or other fee payable in connection with the exercise or any trade of Rights (other than the fee for services to be performed by the Depository as described herein) is the responsibility of the holder of such Rights. Depending on the number of Rights a holder may wish to sell, the commission payable in connection with a sale of Rights could exceed the proceeds received from such sale.

If you wish to transfer your Rights, complete Form 3 (the “**Transfer Form**”) on the Rights Certificate, have the signature guaranteed by an “eligible institution” to the satisfaction of the Depository and deliver the Rights Certificate to the transferee. For this purpose, eligible institution means a Canadian Schedule 1 chartered bank, a major trust company in Canada, a member of the Securities Transfer Agents Medallion Program (“**STAMP**”), or a

member of the Stock Exchange Medallion Program (“SEMP”). Members of these programs are usually members of a recognized stock exchange in Canada or members of the Investment Industry Regulatory Organization of Canada.

It is not necessary for a transferee to obtain a new Rights Certificate to exercise the Rights or the Additional Subscription Privilege, but the signature of the transferee on Forms 1 and 2 must correspond in every particular with the name of the transferee shown on the Transfer Form. If the Transfer Form is properly completed, the Company and the Depositary will treat the transferee as the absolute owner of the Rights Certificate for all purposes and will not be affected by notice to the contrary. A Rights Certificate so completed should be delivered to the appropriate person in ample time for the transferee to use it before the expiration of the Rights.

Beneficial holders of Rights

If you hold Common Shares through a Participant, you must arrange for the exercise, transfer or purchase of Rights through that Participant.

When can you trade the Common Shares issuable upon the exercise of your Rights?

The Common Shares issuable upon the exercise of your Rights will be listed on the TSXV under the trading symbol “ARU” and will be available for trading following the Expiry Time.

Are there restrictions on the resale of securities?

Rights, and the Common Shares issuable upon exercise of such Rights, distributed to shareholders in the Eligible Jurisdictions may be resold without hold period restrictions under the applicable securities laws of the Eligible Jurisdictions provided that: (i) the sale is not by a “control person” of the Company; (ii) no unusual effort is made to prepare the market or create a demand for the securities being resold; (iii) no extraordinary commission or consideration is paid to a person or company in respect of the resale; and (iv) if the selling security holder is an insider or officer of the Company, the selling security holder has no reasonable grounds to believe that the Company is in default of securities legislation.

The Rights and the Common Shares issuable on exercise of the Rights have not been and will not be registered under the U.S. Securities Act of 1933, as amended (the “U.S. Securities Act”), or the securities laws of any state of the United States. Accordingly, the Rights and Common Shares issuable upon exercise thereof may not be offered, sold, pledged or transferred, directly or indirectly, in the United States or to, or for the account or benefit of, any U.S. person, absent an exemption from United States federal and state registration requirements. “United States” and “U.S. person” are as defined in Regulation S under the U.S. Securities Act.

Each holder is urged to consult their professional advisor to determine the exact conditions and restrictions applicable to the right to trade in securities.

Will we issue fractional Common Shares upon exercise of the Rights?

No. Where the exercise of Rights would appear to entitle a holder of Rights to receive a fractional Common Share, the holder’s entitlement will be reduced to the next lowest whole number of Common Shares.

APPOINTMENT OF DEPOSITARY

Who is the Depositary?

TSX Trust Company is the Depositary for the Offering. The Depositary has been appointed to receive subscriptions and payments from holders of Rights and to perform the services relating to the exercise and transfer of the Rights.

What happens if we do not proceed with the rights offering or if we do not receive funds from the Stand-By Purchaser?

If we terminate the rights offering, the Depositary will return all funds held by it to holders of Rights that have subscribed for securities under the offering. The Company intends to proceed with the Offering even if the conditions to the Stand-By Purchaser’s obligation to exercise the Basic Subscription Privilege and to provide the

Stand-By Commitment are not met. However, if the Stand-By Purchaser becomes entitled to terminate such obligations and thereafter does so, the anticipated proceeds of the Offering may not be fully realized and this will have a material adverse effect on the Company.

RISK FACTORS

An investment in the Rights or Common Shares issuable upon exercise of the Right is subject to certain risks, including those described below, as well as in our continuous disclosure documents. You can access our continuous disclosure documents filed with Canadian securities regulators under our issuer profile at www.sedar.com.

Uncertainties Relating to the Availability and Cost of Funds

The Company may need to raise additional capital by way of an offering of equity securities, an offering of debt securities, or by obtaining financing through a bank or other entity. If the Company needs to obtain additional financing, there is no assurance that financing will be available from any source, that it will be available on terms acceptable to the Company, or that any future offering of securities will be successful.

Uncertainties Relating to Closing of the Offering

The closing of the Offering is subject to certain risks and uncertainties, including but not limited to the ability of the Company to obtain applicable regulatory approvals.

Delays in Obtaining or Failure to Obtain Required Regulatory Approvals

The Offering is subject to the approval of various regulators and the TSXV. A substantial delay in obtaining satisfactory approvals or the imposition of unfavourable terms or conditions on the regulatory approvals could prevent the Company from completing the Offering.

Stand-By Purchaser May Terminate the Stand-by Agreement

Under the terms of the Stand-By Agreement, the Stand-By Purchaser has the right to not exercise his Basic Subscription Privilege and to terminate the Stand-by Commitment in certain circumstances including, but not limited to, the occurrence of a “Material Adverse Change” (as defined in the Stand-By Agreement). If the Stand-By Purchaser becomes entitled to not exercise his Basic Subscription Privilege and to terminate the Stand-by Commitment and thereafter does so, the anticipated proceeds of the Offering may not be fully realized.

Costs to completion of the Offering

There is uncertainty associated with estimating costs to completion of the Offering, including those yet to be incurred.

Dilution

If you do not exercise all of your Rights pursuant to the Basic Subscription Privilege, your current percentage ownership in the Company will be diluted by the issuance of Common Shares upon the exercise of Rights by other holders of Rights.

Trading Market for Rights

Although the Rights will be listed on the TSXV, there is no assurance that an active or any trading market in the Rights will develop or that Rights can be sold on the TSXV at any time.

Exercise of Rights Irrevocable

You may not revoke or change the exercise of your Rights after you send in your subscription form and payment. The Common Share trading price could decline below the Subscription Price for the Common Shares, resulting in a loss of some or all of your subscription payment.

Subscription Price Not Necessarily Indication of Value

You should not consider the Subscription Price to be an indication of the Company's value, and the Common Shares may trade at prices above or below the Subscription Price.

Responsibilities of Holders of Rights

If you fail to follow the subscription procedures and meet the subscription deadline your subscription may be rejected. None of the Company, the Depositary or any Participant undertakes to contact you concerning, or will attempt to correct, an incomplete or incorrect payment or subscription form. Whether a subscription properly follows subscription procedures is solely within our discretion.

ADDITIONAL INFORMATION**Where can you find more information about the Company?**

You can access our continuous disclosure documents filed with Canadian securities regulators under our issuer profile at www.sedar.com or contact the Company by Telephone: (416) 367-3200 or by Email: Carolyn Muir, Manager – Corporate and Investor Services - carolyn.muir@aurania.com.

MATERIAL FACTS AND MATERIAL CHANGES

There is no material fact or material change about the Company that has not been generally disclosed.