



AURANIA

AURANIA RESOURCES LTD.

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

For the Three and Nine Months Ended September 30, 2022

(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 nine months ended September 30, 2022 (the “Reporting Period”). This MD&A is prepared as at November 25, 2022, unless otherwise indicated, and should be read in conjunction with the unaudited condensed consolidated financial statements for the three and nine months ended September 30, 2022 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. Q3 2022 HIGHLIGHTS

1.1. Exploration - Lost Cities Project, Ecuador

1.1.1 COVID-19 Response

The Company's office in Toronto, Canada is now open with personnel working a combination of at home and remotely. The office in Quito and field operation conducted out of Macas, Ecuador, are operating in accordance with the strict health and safety regulations mandated by Ecuadorian federal and provincial governments, including protocols designed to detect and isolate suspected COVID-19 infections as early as possible. During the first quarter of 2022, Ecuador experienced a significant increase in the number of cases nationwide believed to be due to the more transmissible Omicron variant, resulting in a "Red Alert" being issued on January 16th by the Ecuador Government for 193 of 195 Cantons increasing restrictions. Concurrently, the Company's incidence rate rose quickly to 12 cases and at that time the Company took the decision to temporarily suspend the majority of its field activities and to carefully monitor the situation in order to protect its employees and the local communities in which it operates, the latter having a nationally low percentage of population vaccination. 89% of employees and support staff have been vaccinated. Where infection risk is lower, the Company has continued field work with a reduced contingent in those areas remote from interaction with local communities. During Q3 and subsequent to the period end, the incidence of infection has continued to decrease, and restrictions are being incrementally reduced.

1.1.2 Operational strategy

(a) Change in leadership

In January, Dr. Keith Barron, Chairman, CEO and largest shareholder assumed the title of President of the Company after the departure of Dr. Richard Spencer, former President and Director of the Company.

On July 5, 2022, the Company appointed Mr. Thomas Ullrich to the board of directors.

In July, Mr. Francisco Freyre was appointed as Chief Financial Officer (CFO) after the departure of Mr. Tony Wood

(b) Review of operational strategy and priority areas.

On February 28, 2022, the Company announced the Board approval of a revised corporate strategy that focuses its financial and human resources on the exploration of Aurania's core mineral concessions in Ecuador after an internal review of its projects, target types and potential funding strategies (the "February 2022 Review").

The strategy focuses Aurania's resources on the epithermal gold and porphyry copper exploration at the Company's Lost Cities – Cutucú Project in Ecuador while exploring joint ventures and partnerships in respect of advancing concessions, as discussed further below.

The Company's revised strategy represents a shift from the previously disclosed one; therefore, all mineral concessions are now to be maintained instead of reduced in number. The required concession fee payments were made by the end of March 2022.

The February 2022 Review refined the categorization of the large number of targets into three distinct target areas:

- epithermal gold target area;
- porphyry copper target area; and
- sediment-hosted copper-silver/silver-zinc target area

Each target area is defined by separately identifiable mineral concessions. The next stage of exploration of each of these areas will require increasingly more field exploration and, in particular, increased drilling. The Company does not currently have the resources to do all of this work simultaneously but has determined that a strategy based on exploration through joint ventures is preferable to relinquishing or disposing of them, in order to maximize the potential value of the full land package in Ecuador and to advance the target types on multiple fronts.



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The February 2022 Review identified the Awacha porphyry copper target and the Kuri-Yawi and Kuripan epithermal gold targets as having the highest priority in the short term. Since then, the Tatasham target has also moved up the target priority list for further exploration and target refinement.

(c) Intrusive-related copper targets

Awacha: Mobile Magnetotellurics (“MobileMT”) geophysics has indicated a buried conductive body in excess of 4 x 5 kilometres in size. The anomaly has the “classic doughnut” shape of a porphyry body. The conductive anomaly coincides with copper and molybdenum stream sediment anomalies and with quartz-sericite-pyrite (“QSP”) alteration exposed in stream beds from field work reported in 2018. This is classic “phyllic” alteration seen in porphyry systems.

Starting in December 2021, basic field work including mapping has been conducted during Q1 and soil sampling was completed. Results received in March returned molybdenum and low-grade copper anomalies extending 7km. Anaconda mapping method started at the end of Q3 and will continue during Q4 in order to define the drill target.

Tatasham: The Magnetic airborne survey and MobileMT show a strong, high magnetic anomaly bordered by a zone of high conductivity. Initial geological mapping has been completed showing an area with hydrothermal alteration over the magnetic anomaly. A spur and ridge soil survey returned high Cu/Zn ratio and Mo/Mn ratio over the same area. The Anaconda mapping method started during Q3 to define the drill targets.

Kuri-Yawi: The deeper parts of holes YW-008 and YW-009 were designed to test a porphyry target at depth in the B1 area of Kuri-Yawi as described below. 2D MobileMT geophysics defined two other porphyry-style targets within the Kuri-Yawi area (Kuri-Yawi F and E), and these are being further evaluated for scout drilling. Target E consists of pathfinder element enrichment over a magnetic feature and target F lies in an area of quartz-sericite-pyrite (“QSP”) mineral alteration, pathfinder enrichment in soil and intrusive phases in outcrop.

(d) Epithermal targets for gold-silver

Kuri-Yawi B1: In 2021 and 2020, 9 holes were drilled for 4,957m on a target area largely identified through MobileMT. The geophysics highlighted a possible epithermal target above a deeper porphyry-like target. The drill holes intersected epithermal-type vein textures over a vertical interval of approximately 800m although no significant mineralization was detected. No porphyry body was detected at depth. Geological information obtained from these drill holes was used to constrain a further iteration of the geophysical model through 3D inversion.

Kuripan: A soil grid has shown two main areas with enrichment of epithermal pathfinders, arsenic and selenium, with erratic gold values in the northern part of the target area. Sinter is exposed in the southern part of the target area.

(e) Regional exploration

Regional Exploration expenses during Q3 were kept at the minimum level required to maintain the previously initiated projects.

(f) Adding geological depth and specialist experience

In Q2, the Company retained two senior consulting geologists Dr. S. Garwin and Dr. C. Vallejo, bringing a combined 56 years of experience in similar geological and geographic settings. During the third quarter of the year Dr. S. Garwin reviewed the data collected during the Anaconda mapping at Tatasham in order to define the drill targets and Dr. C. Vallejo was involved in relogging the Tiria-Shimpia drill core as described below.

(g) Sediment-hosted targets

No additional field work was conducted on sediment-hosted targets during 2022. Nevertheless, a stratigraphic study was conducted in order to increase the understanding of the targets and advance ongoing joint venture discussions. Dr. C. Vallejo started reviewing the data and the drill cores of the Tiria-Shimpia Target during the second part of Q3.

1.1.3 Mineral Property Interests

The Company made its annual concession fee payment of USD2,077,640 (\$2,776,966) in March 2022, and thereby met a key requirement for maintaining the concession block in good standing. The requirements to maintain the concessions in good standing are detailed in the Financial Statements for the year ended December 31, 2021.

1.1.4 Corporate Social Responsibility (“CSR”)

The Company’s CSR team continues to be the first point of contact with local communities, the majority of which are indigenous. The Company currently has formal access agreements with 44 of the 55 communities (80%) 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

There were no reportable accidents in the field during the first nine months of the year.

1.1.6 Environment & Water

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. Seven temporary drill camps have been constructed in total.

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. Exploration work in Peru does not currently require access to the field, so the impact of COVID-19 protocols on operations is minimal.

1.2.2 Mineral Property Interests

The Company retained its interest in 130 concessions covering 128,700Ha in northern Peru. Further detail is provided in subsection 3.7.2.

1.2.3 Exploration

An initial geological reconnaissance visit was conducted during Q3 in selected concessions and confirmed the presence of favorable geology for the presence of sediment-hosted copper deposits.

1.3 Funding

1.3.1 Related party loan

During the first nine months of the year, the Company has entered into loans with Dr. Keith Barron, the Company’s Chairman, CEO and largest shareholder pursuant to promissory notes issued by the Company to the Lender, as set out below. In accordance with the terms and conditions of the promissory notes, the loans are due and payable and shall be repaid in full upon notice of twelve months and one day from the lender to the Company, where upon all unpaid principal and accrued interest there under shall be payable to the Lender. The Loan is unsecured and bears interest at a rate of two percent (2%) per annum. Further details are provided in Note 6 of the unaudited condensed consolidated interim financial statements for the three and nine months ended September 30, 2022.

- Promissory note issued during the first quarter of 2022 of USD1,187,500.
- Promissory note issued during the second quarter of 2022 of \$1,000,000.
- Promissory note issued during the third quarter of 2022 of \$1,000,000.

1.3.2 Private placement financing

On March 30, 2022, the Company closed its previously announced private placement financing for 1,996,653 units priced at \$0.70 per unit, each unit consisting of one common share and one full warrant, the warrant having an exercise price of \$1.25 per warrant and an expiry date of March 20, 2024. Further details are provided in Note 7 of the unaudited condensed consolidated interim financial statements for the three and nine months ended September 30, 2022.

1.3.3 Subsequent event – Private placement financing

On October 31, 2022, the Company announced it intends to complete a non-brokered private placement financing of up to 4,444,444 units of the Company (the “Units”) at a price of \$0.45 per Unit for total gross proceeds to the Company of up to \$2,000,000 (the “Offering”). Refer to Section 17, Subsequent Events for updated information.

2. SELECTED ANNUAL INFORMATION

Table 1: Selected financial information

	As at September 30, 2022	As at December 31, 2021
Cash	\$738,014	\$4,522,657
Total assets	992,924	4,953,485
Total liabilities	8,030,608	5,263,276
Shareholders’ equity (surplus)	(7,037,685)	(309,791)
Deficit	\$(91,159,378)	\$(82,884,639)

For more information about the change in deficit, refer to the detailed discussion in Section 4, Expenditures.

3. DISCUSSION OF OPERATIONS

3.1 Exploration expenditures by target type

Table 2: Accumulated project expenses by target type.

Exploration Category	Budgeted project expenditures						Actual expenditures						Differences	Discussion ⁶	
	December 2019 Technical Report	Use of Proceeds ("UoP") Oct 2020 Offering ³	UoP April 2021 Public offering/Private placement ³	UoP Oct 2021 Public offering ^{3,7}	UoP Mar 2022 Private Placement and Promissory Note	Budgeted Cumulative Total	Year ended December 31, 2020	Year ended December 31, 2021 ^{5,7}	3 months ending March 31, 2022	3 months ending June 30, 2022	3 months ending September 30, 2022	9 months ending September 30, 2022			Actual Cumulative Total
Ecuador															
Regional / Reconnaissance Exploration	\$600,000	\$390,000	\$476,591	\$0	\$0	\$1,466,591	\$980,499	\$1,321,403	\$51,668	\$313,163	\$26,637	\$391,468	\$2,693,370	\$(1,226,779)	
Target Development															
Epithermal Gold-Silver	2,530,000	1,970,000	1,911,073	356,820	-	6,767,893	1,772,760	2,651,317	157,588	23,453	36,775	217,817	4,641,894	2,125,999	Refer to 3.2.1
Sediment-Hosted Copper-Silver	1,200,000	887,000	251,437	320,000	-	2,658,437	805,288	3,938,259	80,995	63,687	34,140	178,822	4,922,369	(2,263,932)	Refer to 3.2.4
Intrusive-Related Copper	1,000,000	2,164,000	115,780	350,000	-	3,629,780	4,223,749	2,286,037	472,828	76,470	166,536	715,834	7,225,620	(3,595,840)	Refer to 3.2.2
Carbonate-Hosted Silver-Zinc-Lead	170,000	759,000	1,393,592	250,000	-	2,572,592	670,043	1,481,529	64,074	46,084	34,407	144,565	2,296,137	276,455	
Community Social Responsibility	250,000	350,000	526,098	390,000	-	1,516,098	906,800	847,972	110,499	90,326	98,317	299,142	2,053,914	(537,816)	
Environmental, Health and Safety	-	-	292,968	225,000	-	517,968	-	993,475	87,797	53,642	46,173	187,612	1,181,087	(663,119)	
Concessions ¹	2,800,000	2,800,000	53,100	1,470,000	1,400,000	8,523,100	2,785,907	2,613,615	2,776,966	-	-	2,776,966	8,176,488	346,612	Refer to 3.7.1
Peru															
Concession and legal fees ²	-	-	327,156	-	-	327,156	219,314	1,281,174	24,054	429,707	89,846	543,607	2,044,095	(1,716,939)	Refer to 3.7.2
Desktop studies	-	50,000	134,823	-	-	184,823	68,759	(29,990)	-	-	-	-	38,769	146,054	
Working capital															
Working capital	-	-	-	-	1,440,781	1,440,781	-	-	-	-	-	-	-	1,440,781	
Total	\$8,550,000	\$9,370,000	\$5,482,618	\$3,361,820	\$2,840,781	\$29,605,219	\$12,433,119	\$17,384,792	\$3,826,470	\$1,096,532	\$532,831	\$5,455,832	\$35,273,743	\$(5,668,524)	

¹ The 2019 Technical Report excluded a line item for concession fees

² USD352,925 of the concession payments made in June 2021 were satisfied by pre-existing credit certificates

³ Expenditures incurred have been largely consistent with the proposed use of proceeds with any variations discussed in the respective section.

⁵ Certain costs included in Regional Exploration and Target Definition in the first and second quarters has been reclassified to Environment, Health and Safety.

⁶ See 1.1.2 (a) Review of operational strategy and change in priority areas.

⁷ Further detail is disclosed in the fourth quarter consistent with the use of proceeds detail in the October 2021 Prospectus.

3.2 Exploration of the Lost Cities Project, Ecuador

3.2.1 Target development

Table 3: Summary of priority areas for each target type in the Lost Cities Project.

Target Type	Target	Planned	Status
Intrusive-Related Copper	Awacha	Further exploration to refine porphyry-style drill targets	Prioritized for 2022 / 3.2.2 (a)(b)
	Tatasham		Prioritized for 2022 / 3.2.2 (c)(d)
Epithermal Gold-Silver	Kuri-Yawi B1	Further exploration to refine epithermal system drill targets	See sub-section 3.2.3 (a)
	Kuripan		See sub-section 3.2.3 (b)

3.2.2 Intrusive-Related Copper Targets

Details of quarterly and cumulative budgeted and actual expenditures are provided in Table 2. The February 2022 Review identified the Awacha porphyry target as having the highest priority in the near term for further exploration. Since then, the Tatasham target has also moved up the target priority list for further exploration and target refinement as follows:

(a) Awacha

Awacha is one of the only areas within the Lost Cities Project area in which extensive areas of QSP alteration have been mapped. QSP alteration is typical of the outer halo of copper and copper-gold porphyry 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 area. 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 has been completed and Anaconda mapping is in process to refine the specific targets within the target cluster. MobileMT data from the Awacha area was reworked to define the target location and depth using a 3D inversion method.

(b) Work ongoing and future work planned at Awacha

The company announced the hiring of Dr. Steven Garwin, senior geological consultant on April 19, 2022, and provided his initial findings from his review of the Company's Awacha porphyry target area:

- Jurassic dioritic sills and dikes hosted by black shale, feldspathic sandstone and meta-basalt.
- A low-grade anomalous copper in soil (> 50 ppm Cu) and rock (> 200 ppm Cu) that extends 7 km (north-south) by 1-2 km (east-west) through the western part of the prospect.
- Hydrothermal alteration styles that range from chlorite-propylitic in the east to illitic, phyllic (quartz-sericite) and minor potassic (biotite) in the west and the north.
- Infrared spectrometry (terraspec) results indicate abundant illite (of high-crystallinity) and some kaolinite in the western part of the area.
- Discrete magnetic highs and a broad zone of conductivity characterize the Awacha prospect area.

Anaconda method mapping started in the field during the second part of Q3. New diorite outcrops and a hydrothermal breccia outcrop were found during these first Anaconda mapping recordings. The alteration in the area reviewed varies from propylitic to phyllic and potassic characterized by the presence of secondary biotites. Different generations of quartz veins are visible in areas of phyllic alteration, locally with trace of chalcopyrite.

During Q4, Anaconda mapping will continue in the field with sampling of selective outcrops for IR Spectrometry (Terraspec) study and geochemistry. In addition, it is planned to run an IR Spectrometry (Terraspec) of a selection of soil sample rejects in order to define the alteration zonation with more accuracy. Dr. Garwin will continue to examine and appraise results as they are returned from the field, as well as review the Company's portfolio of other porphyry prospects.

(c) Tatasham

The Tatasham area is characterized by the presence of the major magnetic high anomaly within the Lost Cities Project area. The MobileMT survey realized between 2020 and 2021 has shown the presence of a conductive area in border of the magnetic anomaly. A spur and ridge soil survey was completed at the Tatasham target defining an area of interest that coincides with the high magnetic anomaly. Initial geological mapping has shown the presence of an intermediate to rhyolitic volcanic unit interpreted to be part of Chapiza, overlying the limestones of the Santiago formation. Subvolcanic diorite and rhyolite sills have been identified locally intruding the volcanics. An IR Spectrometry (Terraspec) study of rock samples shows an area of illite alteration coinciding with the magnetic and geochemistry anomalies.

(d) Work ongoing and future work planned at Tatasham

All data was reviewed by Dr. Steven Garwin, and an area was defined for the next stage of drill target definition using the Anaconda mapping method. Field work started during Q3 and is expected to be completed during Q4. First results of the Anaconda mapping show zones of elevated fracture abundance coinciding with area of illite alteration and strong silicification. The central region shows elevated goethite / hematite, which is inferred to represent the oxidation of rocks with elevated chalcopyrite – pyrite ratio. To the south, NE-trending, sheeted quartz veins lie along the southern margin of a magnetic high. A reprocessing of the magnetic surveys is in progress by merging the data collected in 2017 with the data collected during the MobileMT survey in intermediate lines. A new magnetic inversion will be processed with 200m lines spacing giving more accuracy to the 3D model. A drill program based on the field work and the geophysical results is planned during Q4.

3.2.3 Epithermal Targets for Gold-Silver

Details of quarterly and cumulative budgeted and actual expenditures are provided in Table 2. To date, a total of 4,957m has been drilled in nine holes on four epithermal gold-silver targets in the Kuri-Yawi area and 3,605m in ten holes at Crunchy Hill. The February 2022 Review identified the Kuri-Yawi and Kuripan epithermal gold targets as having the highest priority in the near term for further exploration and target refinement.

(a) Kuri-Yawi

During 2021 and 2020, nine scout holes for a total of 4,957 metres were drilled. They defined a maar-diatreme environment in mafic volcanic host sequence. Alteration mineral vectors and elevated silver values in holes YW-003, 006 and 007 indicate that the core of the mineralized system should lie to the southeast. Hole YW-009, drilled to the southeast, has intense and pervasive hydrothermal clay mineral alteration (illite with areas of kaolinite) and silica-carbonate veinlets that exhibit epithermal textures over a vertical interval of some 800m, which are encouraging features consistent with proximity to an epithermal system.

Table 4: Drilling to date at Kuri-Yawi.

Hole #	Target	Dates		Hole Length (m)
		Start	End	
2019-2020 Campaign:				
YW-001	Target A - epithermal	2019-10-25	2019-11-10	533
YW-002		2019-11-15	2019-11-27	559
YW-003	Target B - epithermal	2019-12-02	2019-12-04	261
YW-004	Target C - epithermal	2019-12-09	2019-12-18	517
YW-005		2020-01-12	2020-01-17	347
YW-006		2020-01-21	2020-01-25	288
YW-007	Target B - epithermal	2020-01-28	2020-02-07	504
Sub-total metreage				3,009
2021 Campaign:				
YW-008	Target D – epithermal & porphyry	2021-03-24	2020-05-10	1,212
YW-009		2021-05-17	2021-06-10	736
Sub-total metreage				1,948
Total				4,957



2D inversion of MobileMT geophysical data collected in Q4, 2020 and Q1, 2021 delineated a target (Target D) that had the characteristics of an epithermal system above a deeper porphyry lying along trend of the vector described above. Drill holes YW-008 and YW-009 tested this target with negative results. 3D inversion modelling appears to provide a better means of processing MobileMT data in mountainous terrain and has defined different target locations from the 2D modelling.

(b) Kuripan

Gold was panned from three different streams in the Kuripan target area in 2021. Epithermal-type silica veinlets occur in volcanic tuff in the area in which gold was panned, with concentrate samples returning up to 1 gram per tonne (“g/t”) gold. Stream sediment sample results have elevated concentrations of pathfinder elements such as silver, arsenic, antimony, mercury, molybdenum, selenium and thallium. All of these are commonly associated with epithermal gold systems. A soil grid implemented over the area highlighted by the stream anomalies has returned anomalies in epithermal pathfinders such as arsenic, antimony, mercury, molybdenum, selenium and thallium. Erratic gold anomalies in soil up to 58ppb Au are present to the north of the area.

(c) Future work planned

The Company retained two experienced consulting Geologists (reported on April 19 and May 2, 2022) to review and evaluate all the data collected. These consultants will be integral to the planning of the next work program. This review is ongoing.

3.2.4 Sediment-hosted Targets

Copper-silver mineralisation was found in redbeds at the Kirus-Tsenken target and zinc-lead-silver mineralisation in limestone at the Tiria-Shimpia target. Drilling confirmed the volcano-sedimentary basin to be highly saline to hyper-saline with salt cushions or domes and abundant evaporites, both still present and dissolved. Abundant complexing agents have thus been able to leach a wide variety of source rocks for Cu, Zn, Pb, Ag, Au and other metals and to store, transport, and precipitate these metals. A better understanding of the stratigraphy is necessary in order to understand the overall system and to advance ongoing joint venture discussions. Therefore, it was decided that a review of data and a relogging of the core was necessary. The stratigraphic study conducted by Dr. C. Vallejo started during Q3 with the review of data and the re-logging of the Tiria-Shimpia drill cores. This study is planned to continue during Q4 with the re-logging of the Tsenken cores.

3.2.5 Update on search for the Lost Cities of Gold

In a press release issued on May 31, 2022, the Company provided a detailed update discussing the significant activity of third-party alluvial gold mining to the south of its concessions. The mining in this area strongly correlates with the proximity suggested by Metron Inc. as being the location of Logroño de los Caballeros, one of the Lost Cities of Gold. No archeology has been found and the nature of the alluvial gold in this area is that it would have been washed downstream from its source. As a result of these new developments, the Company has narrowed its efforts upstream from the area of alluvial mining in order to locate the primary source(s) of gold.

3.3 Mineral Property Interests and obligations

The Company made its annual concession fee payment of USD2,077,640 (\$2,776,966) by the deadline of the end of March 2022. 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 Annual Information Form dated May 23, 2022.

3.4 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, Water and Ecological Transition (the “MEWET”), to identify areas where the economic benefit of its exploration work can be maximized.

The Company currently has active access agreements with 44 of the 55 communities (80%) 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.

3.5 Health and Safety

The Company's COVID-19 response and impact is covered in sub-sections 1.1.1. and 1.2.1.

3.6 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. In prior years, preliminary assessments of water quality were completed in 53 of the 55 communities within the area of influence of the Lost Cities Project.

The Technical Water Group is in frequent contact with MEWET regarding 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.

3.7 Mineral concessions

3.7.1 Ecuador Project

a) Mineral concessions and obligations

In December 2016, the Company acquired the rights, title and 100% interest in the Lost Cities Project, comprised of certain mineral concessions covering 207,764Ha in southeastern Ecuador. Those were subsequently registered before the Mining Registry of the Mining and Non-Renewable Natural Resources Regulation and Control Agency in compliance with the Mining Law. These concessions are valid for 25 years, and renewable for a subsequent 25-year period, provided that the concessions are maintained in good standing.

Mineral concessions are regulated according to the following phases:

- **Initial Exploration (up to four years).** On December 31, 2020, the Ecuadorian government adopted new legislation establishing that the four years of Initial Exploration starts on the day the mineral concession holder receives the permits required to effectively conduct work after having completed certain administrative acts, and not on the date when the concession is first granted, as had previously been the case. As a result, the effective date for the start of Initial Exploration is considered on a case-by-case basis with each concession having its own initiation date from which the four-year Initial Exploration term is counted. The administrative documents required before permits are granted include: i) Environmental Registry; ii) Certificate of non-affectation of water sources; and iii) Affidavit of not affecting public infrastructure. Each year a concession holder is required to pay a concession fee and meet minimum expenditure requirements, calculated as follows:
 - In accordance with the Mining Law, by March 31 of every year a Company must pay a concession fee for each concession it holds. The concession fee during the Initial exploration phase is calculated as 2.5% of the Unified Basic Remuneration ('UBR') per hectare. In 2022 the UBR was USD425 (2021 USD400), which equates to USD10.63 (2021 USD10) per hectare. The UBR is assessed annually and is subject to change. Subsequent to the year end the UBR was increased to USD425 for 2022.
 - The Concession holder is also required to make minimum qualifying expenditures on each concession such that they satisfy both the Required Expenditure, which is USD5 per hectare initially, rising to USD10 per hectare per the Mining Law, and the Committed Expenditure, an annual amount that the concession holder files with the Mining Ministry that it is planning to spend in the coming year. Importantly, the annual concession fees are included in the calculation of the minimum expenditures required.
 - The concession fees paid, potential future fee obligations and expenditure commitments are set out below.



Table 5. Initial phase - Summary of expenditure thresholds and commitments related to the Lost Cities Project

Initial Exploration Phase				
Year	Annual concession fee	Expenditure Required (USD)	Committed Expenditure	Actual Expenditure (USD)
1 (2017)	\$1,973,198 ¹	\$1,038,820 ²	\$1,060,000 ²	\$3,354,497
2 (2018)	2,004,923 ¹	2,077,640 ²	1,090,000 ²	4,396,820
3 (2019)	2,046,475 ¹	2,077,640 ²	2,098,000 ²	5,116,155
4 (2020)	2,077,640 ¹	2,077,640 ²	2,081,800 ²	8,627,136
5 (2021)	2,077,640 ¹	2,077,640 ²	2,081,800 ²	12,820,134
Estimated 6 (2022)	2,207,492 ¹	2,077,640 ²	-. ⁶	-. ³
Estimated 7 (2023)	1,945,851 ⁴	2,077,640 ⁵	-. ⁶	-. ³
Estimated 8 (2024)	\$525,937 ⁴	2,077,640 ⁵	-. ⁶	-. ³

¹ Paid

² Requirement satisfied.

³ Reported by March 31 of the following year.

⁴ The Initial Exploration fee obligation for years 2023 and 2024 are estimates only and assume that all of the concessions will be held until their Initial Exploration expiry date and that the UBR remains at USD425. The Company is continuously evaluating the concessions and will not renew those of lower geological interest and therefore amounts to be paid and spent will reduce accordingly.

⁵ 2023 and 2024 amounts are estimated maximum Required Expenditures that assumes the current number of concessions are maintained and a continuing fee of USD10.63 per hectare

⁶ For 2022, 2023 and 2024 the Committed Expenditure are not known at this time as they are derived from annual work programs not yet determined.

- **Advanced Exploration (up to four years).** At any time prior to 60 days before the expiry of the Initial Exploration period, a concession holder can apply for a further four years of Advanced Exploration. The size of each concession must be reduced by a minimum of 10 hectares and the annual concession fee, still payable by March 31 each year, doubles to 5% of the UBR. For 2022, this would equate to USD21.25 per hectare.

In cases where an application to move a concession to Advanced Exploration occurs after the Initial Exploration concession fee is paid prior to March 31 of that year, the concession holder must pay the incremental difference in the concession fee between the date on which the resolution to start the advanced exploration period is issued until December 31 of that year.

At this time the Company does not know which and how many of its concessions will be advanced to the Advanced Exploration phase and therefore the total potential concession fee exploration and expenditure obligations for concessions that advance to Advanced Exploration is unknown.

- **Economic Evaluation** (up to two years) of any deposit identified, which can be extended for an additional two-year period; and
- Thereafter, the concessions are in the **Exploitation Phase**.

b) Relinquishment or cancellation of concessions

The size of the concession area constituting the Project may be reduced at the Company’s discretion based on exploration results. Conversely, the State can cancel mineral concessions for various reasons, including misrepresentation by the concession holder of the concessions’ exploration and development stage, an excessive environmental impact, irreparable damage to Ecuadorian cultural heritage, or the violation of human rights.

c) Exploration entitlements

The properties are subject to two percent (2%) net smelter return royalty on metal production and a two percent (2%) net sales return royalty on non-metallic products, held by Dr. Keith Barron, vendor and current Chairman, President, CEO, and largest shareholder of the Company.

3.7.2 Peru Project

The Company renewed certain concession in June 2022 and paid fees of USD296,000. Those selected are part of the blocks with higher geological potential, where the application process has been completed and most of the concessions granted. Initial geological reconnaissance was conducted during Q3 as a precursor to generating the initial technical report to support further work and/or a possible corporate transaction. As at September 30, 2022, the Company's land position in Peru consists of a total of 130 concession applications and concession titles covering 128,700Ha.

a) Obligations related to the concession and concession applications

- An annual concession fee of USD3.00 per hectare is required to be paid by the end of June to keep the concessions in good standing.
- 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.
- At this time, the Company has no current plans to incur further significant expenditures on the project in Peru, and is considering alternatives to further this project, including potential joint venture opportunities.

b) Exploration

Review of geophysical data, principally seismic supported by magnetics and gravity, has revealed a framework of 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. During Q3, a selection of field sites were visited by two geologists of Aurania's team in the following concessions: Pluma de Ceniza A-B-C-G-H-I-J; Huata 102-103-109-110-113-114-118-119-120-121-123-124-125; Lapa 2; Gocta 5-6-7-8-10 and El Yeso 1 to 4. Only punctual visits were conducted in each of these concessions and cannot be considered as an exhaustive review. During this field work, no significant copper mineralization was found. Nevertheless, it confirmed the presence of redbed formations similar to the one known in the Cutucu area.

4. EXPENDITURES

Table 6. Expenditures for the three and nine months ended September 30, 2022 and 2021.

	Three months ended		Nine months ended	
	September 30,		September 30,	
	2022	2021	2022	2021
Operating Expenses:				
Exploration expenditures	\$532,831	\$4,140,881	\$5,455,832	\$14,727,294
Stock-based compensation	36,480	650,307	909,639	1,999,407
Investor relations	114,523	214,896	447,141	562,736
Office and general	394,743	231,145	938,450	753,020
Management fees	66,631	118,132	661,692	378,870
Professional and administration fees	10,843	81,428	135,396	254,083
Regulatory and transfer agent fees	27,623	42,941	124,716	163,333
Director and advisor fees	-	18,750	30,000	56,250
Amortization	16,535	16,079	48,707	43,108
Total expenses	\$1,200,209	\$5,514,559	\$8,751,573	\$18,938,101
Other Expenses/(Income)				
Loss (gain) on foreign exchange	\$407,097	\$115,380	\$516,761	\$84,496
Interest income	(3,293)	(1,168)	(5,672)	(4,559)
Accretion of shareholder contribution	267,828	147,351	638,983	435,403
Net loss and comprehensive loss for the period	\$1,871,841	\$5,776,122	\$9,901,645	\$19,453,441
Basic and diluted loss per share	\$0.03	0.14	0.19	\$0.42
Weighted average common shares outstanding – basic and diluted	53,954,698	44,663,748	53,321,094	45,404,540

Table 7. Breakdown of exploration expenditures for the three and nine months ended September 30, 2022 and 2021.

	Three months ended September 30,		Nine months ended September 30,	
	2022	2021	2022	2021
ECUADOR				
GEOLOGY/FIELD:				
- Salaries, benefits	\$163,191	\$807,014	\$761,928	\$2,259,616
- Camp costs, equipment, supplies	51,445	629,433	333,897	1,519,914
- Project management	35,081	52,660	133,357	155,348
- Travel, accommodation	11,899	229,542	88,791	443,551
- Office (Quito, Macas)	9,000	26,423	33,146	67,131
- Environment, health & safety	46,173	324,147	187,612	669,328
- Water	14,347	69,260	46,234	138,830
- Drilling	-	1,519,214	-	3,452,434
GEOCHEMISTRY	2,938	85,820	113,988	222,898
GEOPHYSICS	1,900	26,671	1,900	993,687
EXPERT CONSULTANTS	1,155	137,931	101,040	209,185
OTHER TECHNICAL STUDIES	75,704	-	101,173	8,583
CORPORATE SOCIAL RESPONSIBILITY – fees, travel, supplies	98,317	197,708	299,142	620,447
LEGAL AND OTHER FOR CONCESSIONS	7,539	14,866	34,224	71,604
CONCESSION MAINTENANCE - permits	-	-	2,776,966	2,613,615
Total exploration – Ecuador & Canada	\$518,689	\$4,120,689	\$5,013,398	\$13,446,171
PERU				
- Costs related to concession fee applications	-	-	378,729	1,117,335
- Technical Consulting	8,922	10,178	26,418	64,431
- Travel, accommodation	12	-	1,427	5,040
- Legal	5,208	10,014	35,860	94,317
Total exploration – Peru	\$14,142	\$20,192	\$442,434	\$1,281,123
TOTAL EXPLORATION	\$532,831	\$4,140,881	\$5,455,832	\$14,727,294

During the nine months ended September 30, 2022, the Company incurred a loss of \$9,901,645 (2021 - \$19,453,441), increasing the accumulated deficit from \$309,791 at December 31, 2021 to \$7,037,685 at September 30, 2022. The Company's accounting policy is to expense exploration expenditures and therefore exploration represents the majority (55%) of the total loss. A discussion of the principal expenditure items follows:

Exploration expenditures

Concession fee annual payments and related filings represented 58% of the total exploration expenditures. The required payments were completed before the end of March 2022 as required to ensure that the concessions remain in good standing. The balance of the expenditures relates to a general lower level of geological field activity limited partly by increasing Covid-19 infections and the February 2022 Review as described in sub-section 1.1.2. Notably, there was no drilling conducted in the quarter compared to the corresponding period in the prior year and the geophysical surveys were only 7% of those conducted in the same quarter of the year before.

Other Operating Expenditures are as follows:

The largest single item and increase in other Operating expenses relate to the termination payment of \$333,333 included in Management fees, made to the President who left the company in January 2022. Stock based compensation expense, a non-cash item recording the attributable cost of Stock Options and RSUs issued, was less than the prior year due to less options being granted during the first nine months of the year.

During the third quarter, Toronto's office moved to a smaller location which will better fit the Company's current requirements at a lower cost. The higher cost of Office and General during the third quarter is due to the moving and set up of the office. All other expenses are consistent or lower compared to the prior year.

Table 8: Cash Flow activities

	Nine months ended September 30, 2022	Nine months ended December 31, 2021
Operating	\$(8,617,767)	\$(15,068,499)
Financing	4,833,124	8,091,077
Investing	-	(107,252)
Decrease/(increase) in cash during the period	\$(3,784,643)	\$(7,084,674)

At September 30, 2022, the Company's cash position decreased by \$3.8million (Table 8). The main cash outflows for the current reporting period consist of exploration and corporate expenditures described above 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
September 30, 2022	-	\$1,871,841	\$0.03
June 30, 2022	-	2,779,579	0.04
March 31, 2022	-	5,241,947	0.10
December 31, 2021	-	3,952,337	0.07
September 30, 2021	-	5,776,122	0.12
June 30, 2021	-	6,099,460	0.14
March 31, 2021	-	7,577,859	0.17
December 31, 2020	-	2,949,615	0.12
September 30, 2020	-	3,219,597	0.07

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 September 30, 2022 was a deficiency of \$7,037,685 (December 31, 2021 – deficiency of \$309,791). 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 nine months ended September 30, 2022. 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 September 30, 2022, 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 September 30, 2022, the Company had available cash of \$738,014 (December 31, 2021 - \$4,522,657) to settle current liabilities of \$345,677 (December 31, 2021 - \$1,219,364).

Also, the Company has long-term liabilities of \$7,684,931 (December 31, 2021 - \$4,043,912). 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. In addition to the commitments disclosed in note 16, the Company is obligated to the following contractual maturities of undiscounted cash flows as at September 30, 2022:

In Canadian \$ equivalents	Carry amount	Contractual cash flows	October 1, 2022 to September 30, 2023	Thereafter
Accounts payable and accrued liabilities	345,677	345,677	345,677	-
Promissory note 2017 (note 6)	570,668	635,983	-	635,983
Promissory note 2019 (note 6)	3,870,252	4,392,653	-	4,392,653
Promissory note March 2022 (note 6)	1,460,316	1,643,722	-	1,643,722
Promissory note June 2022 (note 6)	893,217	1,011,123	-	1,011,123
Promissory note July 2022 (note 6)	890,478	1,003,452	-	1,003,452
Total	8,030,608	9,032,611	345,677	8,686,933

Funding Outlook

As the Company has no steady source of revenues or cash flow and it is implementing its exploration plan as anticipated, periodic financings are required and it is highly probable that additional financing will be required during 2022 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. Refer to Section 17, Subsequent Events for updated information.

The Company has been successful in funding its operations, including the payment of the 2022 concession fees, and the on-going exploration activities, CSR activities as well as corporate costs in Ecuador, Peru and Canada.

Coronavirus ("COVID-19")

The Company's operations could be significantly adversely affected by the ongoing challenges of respiratory illness caused by COVID-19. The impact to date is the additional costs associated with conducting the Company's COVID-19 protocol, which include the direct costs of testing, increased cleaning as well as periodic limits on numbers of personnel and lost time due to quarantine requirements. 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. 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.

Uncertainty Caused by the Military Conflict between Russia and Ukraine

The global markets are experiencing volatility and disruption following the Russian military invasion of Ukraine started in February 2022. The length and impact of the conflict is highly unpredictable and could lead to market disruptions, including significant volatility in commodity prices, capital markets and interest rates. These factors may impact the Company's future ability to obtain equity or debt on terms favourable to the Company, or at all. If any of these risks materialize into actual events or circumstances, the Company's operations are likely to be materially and adversely affected. In such circumstances, the prices of the Company's securities could decline and investors may lose all or part of their investment.

7. INDEBTEDNESS

Promissory note 2017- Mineral Concessions Loan (“MCL1”)

On March 20, 2017, Dr. Barron advanced USD2,000,000 by way of a promissory note to the Company. USD1,000,000 was repaid on May 29, 2021; USD217,168 (\$280,000) was settled for 700,000 stock options, with an exercise price of \$0.40, on April 2, 2018 and \$500,000 was repaid in cash on August 16, 2018. The loan is unsecured, bearing an interest rate of 2% per annum which is considered to be below a market rate of interest for such a loan. IFRS requires that where an interest rate is below the market rate, estimated at 15%, there is deemed to be a benefit to the Company and as such that portion of the promissory loan considered to represent that benefit is recorded in equity as a shareholder contribution. The amount of the benefit is then recognized over the life of the promissory note as an accretion expense. On September 30, 2020, Dr. Barron agreed to amend the terms of his promissory note such that it will become repayable on the day following the one-year anniversary of Dr. Keith Barron requesting repayment. The accretion on the promissory note will be accounted for as a shareholder contribution until such time that the repayment is requested by the Lender.

For the nine months ended September 30, 2022 and the year ended		
December 31, 2021	2022	2021
Balance, beginning of period	\$511,689	\$567,102
Interest rate benefit recognized as shareholder contribution	(50,010)	(131,698)
Accretion expense	58,459	73,803
Foreign exchange translation gain	50,530	2,482
Balance, end of period	\$570,668	\$511,689

Promissory Note issued in April 2019

On April 22, 2019, Dr. Barron advanced USD3,000,000 by way of a promissory note to the Company. The loan is unsecured, bearing an interest rate of 2% per annum which is considered to be below a market rate of interest for such a loan. IFRS requires that where an interest rate is below the market rate, estimated at 15%, there is deemed to be a benefit to the Company and as such that portion of the promissory loan considered to represent that benefit is recorded in equity as a shareholder contribution.

On August 20, 2020, Dr. Barron agreed to amend the terms of his promissory note issued in 2019 such that it will become repayable on the day following the one-year anniversary of Dr. Keith Barron requesting repayment. The Company has assessed the accounting for the amendment of the terms of the promissory note and concluded that the amendment is a modification. As such, the carrying amount of the liability at its modification date will be amortized over the new term of the promissory note. The accretion on the promissory note will be accounted for as a shareholder contribution until such time that the repayment is requested by the Lender. The amount of the benefit is then recognized over the life of the promissory note as an accretion expense.

For the nine months ended September 30, 2022 and the year ended		
December 31, 2021	2022	2021
Balance, beginning of period	\$3,532,233	\$3,615,393
Interest rate benefit recognized as shareholder contribution	(343,946)	(608,574)
Accretion expense	402,622	508,195
Foreign exchange translation gain	279,343	17,209
Balance, end of period	\$3,870,252	\$3,532,223

Promissory Note issued in March 2022

On March 22, 2022, Dr. Barron advanced USD1,187,500 by way of a promissory note to the Company. The loan is unsecured, bearing an interest rate of 2% per annum which is considered to be below a market rate of interest for such a loan. IFRS requires that where an interest rate is below the market rate, estimated at 15%, there is deemed to be a benefit to the Company and as such that portion of the promissory loan considered to represent that benefit is recorded in equity as a shareholder contribution. The loan becomes repayable on the day following the one-year anniversary of Dr. Keith Barron requesting repayment. The



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accretion on the promissory note will be accounted for as a shareholder contribution until such time that the repayment is requested by the Lender. The amount of the benefit is then recognized over the life of the promissory note as an accretion expense.

For the nine months ended September 30, 2022	
	2022
Balance, beginning of period	\$1,339,748
Interest rate benefit recognized as shareholder contribution	(95,811)
Accretion expense	113,087
Foreign exchange translation gain	103,293
Balance, end of period	\$1,460,316

Promissory Note issued in June 2022

On June 10, 2022, Dr. Keith Barron advanced a loan of \$1,000,000 to the Company. The loan is unsecured, bears interest at 2% per annum and matures upon notice of twelve months and one day from the Lender. Up to USD300,000 of the loan was allocated to making annual concession payments in Peru, the balance funding working capital and ongoing exploration activities. IFRS requires that where an interest rate is below the market rate, estimated at 15%, there is deemed to be a benefit to the Company and as such that portion of the promissory loan considered to represent that benefit is recorded in equity as a shareholder contribution. The loan becomes repayable on the day following the one-year anniversary of Dr. Keith Barron requesting repayment. The accretion on the promissory note will be accounted for as a shareholder contribution until such time that the repayment is requested by the Lender. The amount of the benefit is then recognized over the life of the promissory note as an accretion expense.

For the nine months ended September 30, 2022	
	2022
Balance, beginning of period	\$886,957
Interest rate benefit recognized as shareholder contribution	(34,607)
Accretion expense	40,867
Foreign exchange translation gain	-
Balance, end of period	\$893,217

Promissory Note issued in August 2022

On August 8, 2022, the Company announced that Dr. Keith Barron, a related party of the Company by virtue of the fact that he is the Chairman, the President and Chief Executive Officer, a promoter and a principal shareholder of the Company, advanced a loan of \$1,000,000 to the Company. The loan is unsecured, bears interest at 2% per annum and matures upon notice of twelve months and one day from the Lender. IFRS requires that where an interest rate is below the market rate, estimated at 15%, there is deemed to be a benefit to the Company and as such that portion of the promissory loan considered to represent that benefit is recorded in equity as a shareholder contribution. The loan becomes repayable on the day following the one-year anniversary of Dr. Keith Barron requesting repayment. The accretion on the promissory note will be accounted for as a shareholder contribution until such time that the repayment is requested by the Lender. The amount of the benefit is then recognized over the life of the promissory note as an accretion expense.

For the nine months ended September 30, 2022	
	2022
Balance, beginning of period	\$886,957
Interest rate benefit recognized as shareholder contribution	(19,443)
Accretion expense	22,964
Foreign exchange translation gain	-
Balance, end of period	\$890,478

8. EQUITY

Stock Options – Activity during the nine months ended September 30, 2022:

	Number of Options	Weighted Average Exercise Price	Estimated Fair Value
Balance – December 31, 2021	3,461,000	\$3.00	6,426,095
Granted	1,442,500	\$0.84	443,939
Cancelled	(510,000)	(\$2.77)	(932,887)
Stock-based compensation expense	-	-	281,320
Balance – September 30, 2022	4,393,500	\$2.32	6,218,467

Stock options - Outstanding at September 30, 2022:

Issued Number of Options	Exercisable Number of Options	Exercise Price	Expiry Date	Estimated Fair Value
140,000	140,000	\$2.00	2-Nov-22	143,938
200,000	200,000	\$2.89	2-Mar-23	433,545
116,000	116,000	\$2.68	5-Apr-23	233,047
180,000	180,000	\$3.36	16-Jan-24	457,200
48,000	48,000	\$3.40	16-Jan-24	121,920
77,000	77,000	\$2.97	28-Jun-24	170,940
830,000	830,000	\$2.70	24-Oct-24	1,557,289
200,000	200,000	\$3.16	7-Feb-25	471,999
820,000	546,662	\$3.51	17-Dec-25	1,584,866
100,000	66,667	\$3.25	22-Dec-25	182,500
200,000	133,333	\$3.21	25-Jan-26	357,644
40,000	40,000	\$2.51	1-Jul-26	59,640
1,245,000	415,000	\$0.84	30-Jun-27	405,755
162,500	54,167	\$0.84	4-Jul-27	33,191
35,000	8,750	\$0.84	18-Aug-27	4,993
4,393,500	3,055,579			6,218,467

Restricted Stock Units - The following summarizes the RSU activity during the nine months ended September 30, 2022:

	Number of RSUs	Weighted Average Fair Value	Estimated Fair Value
Balance – December 31, 2021	235,200	\$3.32	\$291,088
Cancelled	(93,000)	\$3.38	(109,020)
Stock-based compensation expense	-	-	184,380
Balance – September 30, 2022	142,200	\$3.28	\$366,449

Shares to be issued- The following summarizes the activity during the nine months ended September 30, 2022:

	Number of Shares to be Issued	Weighted Average Fair Value	Estimated Fair Value
Balance – December 31, 2021	246,700	\$2.80	\$732,054
Shares issued	(7,500)	-	(16,050)
Shares to be issued for vested RSUs	10,500	-	19,950
Balance – September 30, 2022	249,700	\$2.79	\$735,954



Warrants - The following summarizes the warrants and Agents' Options activity and outstanding warrants and Agents' Options for the nine months ended September 30, 2022:

	Number of Warrants/ Agents' Options	Weighted Average Exercise Price	Estimated Fair Value
Balance – December 31, 2021	10,926,618	\$3.44	\$7,252,555
Issued warrants private placement	1,996,653	\$1.25	724,822
Expired	(1,043,567)	\$(3.00)	(585,000)
Balance – September 30, 2022	11,879,704	\$2.94	\$7,392,377

Warrants – Outstanding at September 30, 2022:

Expiry date	Number of Warrants	Exercise Price
October 29, 2022	1,339,750	\$5.20
October 29, 2022	160,770	\$4.30
April 1, 2024	2,507,000	\$4.25
April 1, 2024	150,420	\$4.25
April 1, 2024	403,709	\$4.25
October 21, 2026	3,835,250	\$2.20
October 21, 2026	230,115	\$2.20
October 21, 2026	1,256,037	\$2.20
March 28, 2024	1,586,653	\$1.25
March 30, 2024	410,000	\$1.25
Balance – June 30, 2022	11,879,704	\$2.94

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 Management and directors of the Company was:

For the nine months ended September 30,	2022	2021
Salary - corporate ⁽¹⁾	\$530,798	\$241,985
Salary – technical ⁽¹⁾	150,233	289,686
Director and advisor fees ⁽²⁾	30,000	56,250
Stock-based compensation for key management ⁽³⁾	222,457	786,436
Total key management compensation expense	\$933,488	\$1,374,357

⁽¹⁾ Salary - corporate includes 100% CFO fees, 30% of the President's compensation and 100% of the President's termination. 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 or \$3,750 per quarter per director. Independent directors have agreed to receive all of their director fees in the form of stock options in lieu of cash for the six-month period starting July 1, 2022 until December 21, 2022.

⁽³⁾ This figure is the fair value expense of vested stock options and RSUs granted to key management during the nine months ended September 30, 2022 and 2021.

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 nine months ended September 30, 2022 and 2021:

- (i) During the nine months ended September 30, 2022, the Company incurred \$101,581 (2021 - \$108,000) 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.
- (ii) 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 nine months ended September 30, 2022:
 - a. \$44,277 (2021-\$21,377) was charged to U3O8 Corp. whose President, CEO and Director, Dr. Richard Spencer used to be Aurania's President and Director, and Dr. Keith Barron, Director, Chairman and CEO of Aurania is also Chairman and Director of U3O8 Corp. At September 30, 2022 \$nil remained receivable.
 - b. \$nil (2021-\$1,805) was charged to Firestone Ventures Inc. Dr. Keith Barron, Chairman and CEO of the Company, is also President, CEO and Director of Firestone Ventures Inc. At September 30, 2022 \$1,805 remained receivable.
 - c. \$nil (2020-\$281) was charged 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. At September 30, 2022, \$281 remained receivable. This amount is unsecured, non-interest bearing and due on demand.
- (iii) For other related party transactions, see notes 6 and 10 of the unaudited condensed consolidated interim financial statements for the nine months ended September 30, 2022.

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 nine months ended September 30, 2022, 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 the Company to 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 Annual Information Form dated May 23, 2022 apart from the risks associated with COVID-19 pandemic and the military conflict between Russia and Ukraine as discussed under Section 6, 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

The Company is party to certain management contracts. At the period-end these contracts contain minimum commitments of approximately \$287,000 and additional contingent payments of up to approximately \$270,000 upon the occurrence of a change of control. Where a triggering event has not taken place, the contingent payments have not been reflected in these consolidated financial statements.

On July 9, 2021, the Company announced that it has retained Alpha Bronze, LLC. ("Alpha Bronze") to provide certain investor relations services. Under the terms of the agreement, the Company will pay Alpha Bronze a monthly fee of USD5,500 for a period of 12 months and grant Alpha Bronze 40,000 stock options with a term of five years, and an exercise price of \$2.52.

In August 2022, the Company entered into a four-year office lease agreement with monthly fees starting at \$5,245 increasing to \$5,673 per month through the term of the lease.

17. SUBSEQUENT EVENTS

Concurrent Private Placement

On October 31, 2022 the Company announced it intends to complete a non-brokered private placement financing of up to 4,444,444 units of the Company (the "Units") at a price of \$0.45 per Unit for total gross proceeds to the Company of up to \$2,000,000 (the "Offering"). Each Unit will consist of one common share of the Company (a "Common Share") and one Common Share purchase warrant (a "Warrant"). Each Warrant will entitle the holder to purchase one Common Share (a "Warrant Share") at an exercise price of \$0.75 per Warrant Share for a period of 24 months following the closing of the Offering.

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, 2021	51,959,675	246,700	10,385,313	541,305	3,461,000	235,200	66,829,193
March 31, 2022	53,963,828	246,700	10,385,313	541,305	3,461,000	187,700	68,785,846
June 30, 2022	53,963,828	246,700	11,338,399	541,305	4,196,000	187,700	70,473,932
September 30, 2022	53,953,328	249,700	11,338,399	541,305	4,393,500	142,200	70,618,432
November 25, 2022	53,973,328	229,700	11,338,399	541,305	4,393,500	142,200	70,618,432

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”), Director and President

Jonathan Kagan – Director

Nathalie Han – Director

Thomas Ullrich – Director

Francisco Freyre – Chief Financial Officer

Jean Paul Pallier – Vice President - Exploration (“VPX”)

Carolyn Muir – Vice President - Corporate Development and Investor Relations

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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.