AURANIA

AURANIA RESOURCES LTD.

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

For the Three and Six Months Ended June 30, 2019

(Expressed in Canadian Dollars unless otherwise indicated)

1 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 ("Project") that covers approximately 208,000 hectares ("Ha") in southeastern Ecuador. This Management's Discussion and Analysis ("MD&A") is a review of the financial condition and results of operations by the management ("Management") of Aurania for the three and six months ended June 30, 2019 (the "Reporting Period"). This MD&A is prepared as at August 27, 2019, unless otherwise indicated, and should be read in conjunction with the unaudited condensed consolidated financial statements for the three and six months ended June 30, 2019 and the notes related thereto which have been prepared in accordance with International Financial Reporting Standards ("IFRS"). All monies are expressed in Canadian dollars unless otherwise indicated. Additional information relevant to the activities of the Company has been filed electronically through the System for Electronic Document Analysis and Retrieval ("SEDAR") – http://www.sedar.com and are also available on the Company's website http://www.aurania.com.

2 CAUTIONARY NOTE

This MD&A contains "forward-looking information" under applicable Canadian securities legislation. Except for statements of historical fact relating to the Company, information contained herein constitutes forward-looking information, including any information as to the Company's strategy, plans or future financial or operating performance. Forward-looking statements are characterized by words such as "plan," "expect", "budget", "target", "project", "intend", "believe", "anticipate", "estimate" and other similar words, or statements that certain events or conditions "may" or "will" occur. Forward-looking statements are based on the opinions, assumptions and estimates of Management, considered reasonable at the date the statements are made, and are inherently subject to a variety of risks and uncertainties and other known and unknown factors that could cause actual events or results to differ materially from those projected in the forward-looking information. These factors include the Company's expectations 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 the United States Dollar ("USD")), changes in accounting policies, risks related to non-core asset disposition, risks related to acquisitions, changes in project parameters as plans continue to be refined, changes in exploration time-frames, the possibility of project cost-overruns or unanticipated costs and expenses, higher prices for fuel, power, labour and other consumables contributing to higher costs and general risks of the mining industry, poor success of exploration 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 undertakes no obligation to update forward-looking statements if circumstances or Management's estimates, assumptions or opinions should change, except as required by applicable law. The reader is cautioned not to place undue reliance on forward-looking information. The forward-looking information contained herein is presented to assisting investors in understanding the Company's expected financial and operational performance and results as at, and for the periods ended on, the dates presented in the Company's plans and objectives and may not be appropriate for other purposes.

3 Q2 2019 HIGHLIGHTS

Exploration

- Reconnaissance exploration program:
- 20 epithermal targets for gold and silver have been identified through the reconnaissance exploration program that has now covered 50% of the 208,000Ha concession area. One of these, Crunchy Hill, has been tested with scout drilling and targets in the Yawi area are being prepared for scout drilling. The remainder of the targets are being refined with more detailed exploration;
- "Sedimentary-hosted" high-grade copper-silver has been identified in rare exposures through thick jungle cover over a distance of 22 kilometers ("km"). Field work is focused on determining the extent to which the mineralization extends between these exposures;
- Numerous porphyry targets for potential copper mineralization have been identified in the geophysical data from the Lost Cities Project. Two of these have been investigated through soil sampling, results of which are awaited; and
- Silver-zinc-lead mineralization with barite has been identified in sporadic outcrops along a trend of 15km.

- Target development:
- At Yawi, additional soil sampling, spectral alteration analysis and detailed mapping were used to refine the targets in preparation for scout drilling. Soil sampling has been completed over three targets and is underway on the fourth; and
- Four teams are focused on ridge and spur, and grid, soil sampling to advance other targets towards scout drilling.

- Scout Drilling:
- Between March and May, 2019, 3,204 meters ("m") of diamond drilling was completed in 9 holes at the Crunchy Hill target. Detailed spectral analysis of alteration minerals was key, together with assay results, to determining that an epithermal system is present at Crunchy Hill. Alteration mineral vectors suggest that mineralization is likely located at greater depth beneath the position of the land surface at the time of mineralization, than is typical in epithermal systems. Two target areas were identified for further deeper drilling to be considered in due course; and
- Three discrete targets for epithermal-style gold-silver mineralization are being prepared for scout drilling in the Yawi target area, with drilling scheduled to start in mid-September. Additional field work is being done on the fourth target at Yawi in preparation for scout drilling.

- Metron:
- On July 3, 2019, the Company announced that it had contracted Metron Incorporated ("Metron") to assist in the search for the Lost Cities by applying Bayesian Search Theory to the historic and scientific exploration data from the Lost Cities Project.

Corporate Social responsibility ("CSR")

- Access agreements have been signed with 69% of the communities in the Lost Cities Project area. This work is ongoing.

Mineral Property Interests

Mineral Concessions, payment of 2019 fees

- Between March 13 and 15, 2019, a total of USD2,046,475 ($2,727,812) was paid in concession fees to the Ecuador government. Concession fees are a key part of maintaining the 42 concessions that constitute the Lost Cities Project in good standing; and

Advances for Mineral property interests

- The Company has made non-refundable but transferable advances of approximately $2.4million to acquire additional mineral property interests in South America.

Finance

During the six months ended June 30, 2019 the Company:

- Raised $5,479,665 principally through a Rights Offering ("RO") as well as through the exercise of warrants and stock options, requiring the issuance of 2,031,172 common shares in aggregate.
- On January 28, 2019 converted a USD2.0 million convertible debt, owned by its Chairman, CEO and principal shareholder of the Company into 877,192 common shares;
- Extended the maturity date on a $585,668 Promissory Note to the same principal shareholder to May 29, 2020, and
- On April 22, 2019 entered into a USD3,000,000 Shareholder Loan with the Chairman, CEO and principal shareholder of the company. The loan is unsecured, has a term of two years and bears interest at a rate of 2% per annum. The loan was to advance the Company's exploration strategy.

4 SELECTED ANNUAL INFORMATION

	Six months ended June 30, 2019 $	Year December 31, 2018 $
Cash	**455,935**	817,021
Total assets	**3,397,748**	1,308,284
Total liabilities	**5,403,754**	3,882,210
Shareholders' equity (deficiency)	**(2,006,006)**	(2,573,926)
Deficit	**(33,700,701)**	(25,668,365)

The significant changes in the selected annual information resulted from the completion of a Rights Offering for $5.2 million, converting a USD2 million loan owned to the Chairman, CEO and principal shareholder into shares and then borrowing a further USD$3million that combined to fund the company's on-going operations (see 5.2 Finance). The change in deficit is discussed in detail in Section 6 "Three and six months ended June 30, 2019, compared to three and six months ended June 30, 2018".

5 DISCUSSION OF OPERATIONS

ECUADOR

5.1 Operations

Mineral Concessions and Obligations

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

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

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

The key requirements for maintaining the good standing of concessions have been met as follows:

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

expenditure recorded in the annual reports presented to the Ecuadorian authorities for Year 1 was USD3,354,497, which exceeded the committed minimum expenditure;

- Year 2 (ended December 2018 and Annual Reports presented to the Ecuadorian authorities by March 31, 2019):
  - Concession fees of USD2,004,923 (USD9.65/Ha) were paid by March 31, 2018; and
  - Expenditure on the concessions was required to have exceeded the larger of the USD5.00/Ha (USD1,038,820) stipulated by law or the USD1,090,000 committed by the Company. The in-country expenditure recorded in the annual reports presented to the Ecuadorian authorities for Year 2 was USD4,396,820, which exceeded the committed minimum expenditure.
- The Environmental Registration and Environmental Management Plan required for exploration of the concessions were received on June 30, 2017, and both are valid for the 4-year term of Initial Exploration. The Environmental Registration and Environmental Management Plan provide permission for scout drilling on all of the concessions to a maximum for 20 drill pads per concession.

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

[1] Paid [2] Requirement satisfied [3] Estimated

The size of the concession area constituting the Lost Cities Project may be reduced at the Company's discretion. The high annual concession fees provide a strong incentive to reduce the size of the Lost Cities Project area. The national concession application process was closed in December 2017 and is expected to re-open in mid-2020. The closure of the concession application process was for government administrative purposes. Consequently, no new concessions may be added to the Lost Cities Project area at this time. Mineral concessions may be cancelled by the State for various reasons, principally as a result of negligence or misrepresentation on the part of the entity which holds the concessions.

Future Mineral Concession Maintenance Requirements

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

- Year 3 (up to December 2019, and to be reported by March 31, 2020):
  - Concession fees of USD2,046,475 (USD9.85/Ha) which were paid by March 31, 2019; and
  - Expenditure on the concessions must exceed the larger of the USD10.00/Ha (USD2,077,640) required by law or the USD2,098,000 committed by the Company;
- Year 4 (up to December 2020, and to reported by March 31, 2021):
  - Concession fees of approximately USD2,050,000 (USD9.87/Ha) to be paid by March 31, 2020; and
  - Expenditure on the concessions must exceed the larger of the USD10.00 (USD2,077,640) required by law or a higher amount committed by the Company, and to be determined by March 31, 2020.

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

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

Reconnaissance Exploration

The Company's regional exploration program involves blanket coverage of the Lost Cities Project in a stream sediment sampling program. 50% of the Lost Cities Project area has been covered to date. Analysis of these samples is used to identify areas of metal enrichment in the catchment basin associated with each sample point. These areas are prioritized as targets based on the combination of elements enriched in the drainage area, the extent to which the elements of interest are enriched, the size of the area of enrichment, as well as its association with geophysical features. Up to eight exploration teams are involved in the stream sediment sampling program.

A summary of the targets identified in the reconnaissance exploration program to-date is provided in the following Table. A new epithermal target has been identified by reconnaissance exploration; Tsanimp is conspicuous by its elevated mercury and antimony in stream sediment samples and extensive areas of sinter blocks.

#	Target	Target Commodity	Target definition		Scout Drilling
			Ridge-&-spur soil sampling	Grid soil sampling & mapping	
	Epithermal				
1	Crunchy Hill	Gold-silver	✓	✓	Completed Q2, 2019
2	Yawi A		✓	✓	Planned for mid-September
3	Yawi B		✓	✓	Planned for early-October
4	Yawi C		✓	✓	Planned for late-October
5	Yawi D		✓		Planned for early November
6	Apai		✓		
7	Latorre A		✓		
8	Latorre East				
9	Latorre West				
10	Tinchi				
11	Tiria North		✓		
12	Tiria East		✓		
13	Tiria South		✓		
14	Tiria West		✓		
15	Chapi Suants West				
16	Chapi Suants South				
17	Shimpia East				
18	Shimpia West				
19	*Tsanimp				
20	Tumpain West				
	Sediment-hosted				
1	22km trend	Copper-silver			
	Porphyry				
1	Awacha	Copper or copper-gold			
2	Jempe				
3	Tsenken		✓		
4	Kirus		✓		
	“Manto”-type				
1	Shimpia – 15km trend	Silver-zinc-lead	✓		

Target Development

Soil sampling and geological mapping are the primary tools used for follow-up exploration. The clay-rich soil, prevalent throughout the Lost Cities Project area, is efficient at capturing metals weathered from the underlying rock. The sampling of soil along ridge crests ("ridge and spur") or subsequently in a regular grid pattern, provides a reliable method of homing in on the source of metals that drained into the rivers, giving rise to the enrichment detected by the stream sediment samples. Five teams are currently engaged in the sampling of soils in order to more precisely locate the source of metals in the target areas. During the quarter, 2,861 soil samples were taken.

Targets identified to-date are:

- Seventeen epithermal-style targets with potential for gold and silver mineralization – one of which, Crunchy Hill, has been tested with scout drilling;
- A target for regionally extensive sediment-hosted copper-silver;
- Four porphyry-related targets with potential for copper or copper-gold mineralization; and
- One "manto" - style target for silver-zinc-lead mineralization.

The status of target development is as follows:

- Epithermal gold-silver targets:
  - Yawi: soil sampling has been completed on three epithermal target areas and is underway on a fourth. In all of these targets, grid soil sampling followed a ridge-and-spur program. Intense epithermal pathfinder enrichment was detected along with sinter, which marks the upper part of epithermal systems;
  - Latorre A: ridge-and-spur soil sampling has been completed and extensive areas of silver, molybdenum and antimony enrichment identified along with sinter;
  - Tiria South: is an epithermal target on the eastern margin of the Shimpia silver-zinc-lead target. Grid soil sampling has been completed as a follow-up to more completely define the location and trends found in epithermal pathfinder elements detected in a ridge-and-spur soil sampling program over the area.
  - Tiria East: ridge-and-spur soil sampling has been undertaken to follow-up streams that are enriched in epithermal pathfinder elements.;
  - Tiria North: as for Tiria East;
  - Tiria West: as for Tiria East;
  - Apai: grid-pattern soil sampling is underway over the sinter area, which is exposed in an area measuring 1.2km by 0.5km before passing beneath younger cover rocks, and environs that have elevated arsenic and mercury values;
- Sediment-hosted copper-silver & porphyry copper:
  - Ridge-and -spur soil sampling is underway over the areas of high magnetism identified by the geophysics survey at Tsenken and Kirus with the aim of detecting sediment-hosted copper-silver and or porphyry copper or copper-god mineralization. Results are awaited;
- Silver-zinc-lead target:
  - A grid-pattern soil sampling program has been undertaken after ridge-and-spur sampling – results are awaited.

Scout Drilling

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

Scout drilling at Crunchy Hill started the first week of March 2019. The plan was to drill seven diamond drill holes of approximately 350 metres ("m") each, totaling approximately 2,500m. This initial plan evolved as core from the first holes was examined and a further two bore holes were drilled, bringing the total to 9 holes for 3,204m.

Scout drilling at Crunchy Hill did not intersect significant mineralization in the scout drilling program. Two principal structures were intersected:

- The 5-7 Structure, intersected in bore holes 5 and 7, is a vein-breccia that is zoned from gypsum in the shallowest intersection through kaolinite wallrock alteration to incipient illite alteration. This clear alteration mineral zoning is typical of the upper part of an epithermal system and mineralization is associated with the illite alteration zone that is expected to be more fully develop deeper along the vein breccia. The target is expected to lie at approximately 450m depth where the vein-breccia cuts a more permeable, layered sedimentary rocks that are approximately 100m thick;

- The 9 Structure was intersected in bore hole 9. It consists of a silicified fault with quartz-carbonate veining and illite wallrock alteration. A target for gold-silver is expected to lie at about 300m below surface where the fault zone cuts brittle volcanic rocks that are likely to have a high propensity to develop veins. Consideration will be given to drilling two deep holes to test these targets in due course.

The Yawi A, B and C epithermal gold-silver targets are being prepared for scout drilling after Crunchy Hill. It is anticipated that four bore holes of approximately 450m will be drilled on each of the three targets for a total of approximately 5,400m. Additional target areas are currently undergoing detailed exploration and will be prioritized for scout drilling. The intention is that the man-portable diamond drill rig will move sequentially from one target to the next, providing that enough funding is available to maintain this pace of exploration.

Metron contract

With the Company having achieved coverage of 50% of the Lost Cities Project area in its reconnaissance exploration stream sediment sampling program, a contract that had been under discussion since the start of the Lost Cities Project, was triggered with Metron. Metron has deep experience in applying Bayesian Search Theory, mathematical algorithms, to combine scientific data with less reliable descriptive and anecdotal data, to generate probability maps. Their successes include the use of historical data to find a Spanish galleon, a lost submarine and the black box of aircraft that had crashed. Their role in the Lost Cities Project will be the integration of historical data with scientific exploration data such as geophysics, stream sediment sample results, geology and structural information to generate probability maps for the location of the mines of Logrono and Sevilla. Metron's work will provide a parallel analysis to Aurania's exploration approach using its exploration experience in southeastern Ecuador.

Corporate Social Responsibility

The Company's CSR team, under the guidance of Toronto-based O-Trade, has developed a complete Social Management Plan (SMP) to manage and mitigate social risk. The SMP includes early stakeholder engagement, social impact analysis, and defines partnerships with the Ecuadorian government. Specifically, the Company is working with the ministries of the Environment, Health, Agriculture and Education, in addition to its normal-course interaction with the Ministry of Electricity and Non-Renewable Resources. All strategies and their implementation recognize and honour human and indigenous rights.

Formal access agreements have been established with 69% of communities that lie within the Lost Cities Project area. Improved access and infrastructure improvements associated with the Company's exploration efforts has benefitted nine communities directly and 21 indirectly. Since inception of the Lost Cities Project, the exploration team has created over 1,300 part-time work opportunities, equitably distributed across 37 communities. Scout drilling at Crunchy Hill in Q1 2019 resulted in part-time work for approximately 400 men and women.

Contaminated water, poor sanitation, and poor hygiene have been identified as the prime risk to the health of people living and working in the area, for which the Company is investing in education on basic sanitation and water purification methods. The company created the Technical Water Group ("TWG") as part of its investment in protecting water sources and improving basic sanitation and water purification methods. The TWG has completed preliminary assessments of water quality in ten communities within the area of influence of the Lost Cities Project. The objective of the assessment is to evaluate various solutions and develop budgets that can be presented to regional government, foundations and communities to find a means of financing, implementing and maintaining potable water standards.

Advances for mineral property interests

The Company has made non-refundable but transferable advances of approximately $2.4 million to acquire additional mineral property interests in South America.

5.2 Finance

At June 30, 2018, the Company had available cash of $455,935 (December 31, 2018 - $817,021). The Company continued to fund its on-going work programs and obligations from a combination of public equity and debt instruments, significantly supported by its Chairman, Chief Executive Officer and principal shareholder Dr. Keith Barron.

Rights Offering ("RO")

On March 8, 2019, the Company announced that it had completed a RO for $5,254,665 (gross), with the issuance of 1,946,172 common shares at $2.70 per share. Eligible registered brokers were entitled to a commission of 3%, and the cash paid for commissions was $219,074 including legal fees, TSX Venture fee and transfer agent fees.

Stand-By Commitment

In connection with the RO, the Company entered into a stand-by purchase agreement with Dr. Keith Barron, for a commitment amount of $4,000,000 (the "Stand-By Commitment"). As a result, Dr. Barron exercised his rights' entitlement for the purchase of 1,385,790 common shares and purchased an additional 95,691 common shares from the 'Additional' shares pool. Both the basic and additional shares were purchased for $2.70 per share. In connection with the Stand-By Commitment for the RO, Dr. Barron acquired 1,481,481 common shares.

Extension of 2017 Promissory Note

On January 28, 2019 and concurrent with the RO described above, the Company announced that it had negotiated a further extension of the 2017 Promissory Note with Dr. Barron, deferring the maturity date from May 29, 2019 to May 29, 2020 (the "New Maturity Date"), whereupon the principal amount and any accrued interest will be payable to Dr. Barron. The Company is currently indebted to Dr. Barron for $582,775, pursuant to this Promissory Note. All other terms of this Promissory Note shall remain in full force and effect.

Repayment and Conversion of Convertible Debenture

On January 28, 2019 the Company announced the issuance of 877,192 common shares from treasury in connection with the repayment of the USD2.0 million convertible debenture issued by the Company to Dr. Barron on May 26, 2018. As dictated by the terms of the Debenture, the unpaid principal amount of USD2.0 million, was converted into common shares at the conversion price of $3.00 per common share, fixed at the March 20, 2018 Bank of Canada exchange rate of USD0.76 to $1.00 such that the maximum number of common shares to be issued upon the exercise of the conversion right would be 877,192 common shares. A total of 30,000 stock options and 55,000 common share purchase warrants were exercised for cash consideration of $60,000 and $191,496 respectfully.

Shareholder Loan 2019

On April 22, 2019 the Company announced that it has entered into an agreement with Dr. Keith Barron, the Company's Chairman and CEO, providing for a loan of up to US$3,000,000 (the "Loan"). The Loan is unsecured, has a term of two years, and bears an interest rate of 2% per annum. The Loan will be used to advance the Company's exploration strategy.

5.3 Corporate

New members of the Board of Directors

Subsequent to the period end, Aurania's shareholders approved all resolutions at its Annual and Special Meeting including the appointment of three new directors: Mr. Warren Gilman, Mr. Jonathan Kagan and Dr. Leanne Baker thereby replacing Mr. Marvin Kaiser, Mr. Gerald Harper and Ms. Elaine Ellingham who did not stand for reelection.

6 THREE AND SIX MONTHS ENDED JUNE 30, 2019, COMPARED TO THREE AND SIX MONTHS ENDED JUNE 30, 2018

	Three months ended June 30,		Six months ended June 30,	
	2019	2018	**2019**	2018
	$	$	**$**	$
Operating Expenses:				
Exploration expenditures (detailed below)	**1,935,984**	859,956	**5,937,699**	4,027,272
Stock-based compensation	**126,433**	469,125	**352,571**	794,752
Investor relations	**230,765**	215,824	**516,845**	396,139
Office and general	**290,043**	120,077	**450,780**	245,283
Management fees	**161,548**	105,015	**306,027**	185,913
Professional and administration fees	**51,829**	47,991	**100,130**	95,601
Regulatory and transfer agent fees	**66,020**	8,558	**107,063**	52,100
Director and advisor fees	**18,764**	15,000	**37,343**	30,527
Amortization	**8,521**	5,515	**16,895**	9,118
Project evaluation expenses including travel	**13,654**	-	**25,896**	-
Total expenses	**2,903,561**	1,847,061	**7,851,249**	5,836,705
Other expenses/income				
(Gain) loss on foreign exchange	**(9,021)**	25,870	**4,361**	91,425
Loss on derivative	**-**	28,932	**121,571**	28,932
Interest income	**(1,853)**	(681)	**(3,523)**	(1,729)
Interest expense	**18,059**	47,716	**58,679**	54,096
Loss and comprehensive loss for the period	**2,910,746**	1,948,898	**8,032,336**	6,009,429

	Three months ended June 30,		Six months ended June 30	
	2019	2018	**2019**	2018
ECUADOR				
GEOLOGY/FIELD:				
Salaries, benefits	**$567,768**	$71,194	**$986,511**	$218,803
Camp costs, equipment, supplies	**88,079**	26,585	**201,965**	72,858
Project management	**84,704**	310,922	**169,409**	401,076
Travel, accommodation	**183,966**	116,395	**284,973**	207,468
Office	**23,249**	30,338	**63,404**	91,424
Environment	**61,926**	-	**105,957**	-
Water	**13,669**	-	**25,308**	-
Drilling	**450,733**	-	**584,715**	-
GEOCHEMISTRY	**103,668**	97,970	**200,243**	135,499
GEOPHYSICS	**24,163**	7,566	**41,135**	16,747
CORPORATE SOCIAL RESPONSIBILITY	**220,408**	126,156	**391,661**	255,287
ADMINISTRATIVE SUPPORT	**44,324**	-	**81,707**	-
CONCESSIONS COSTS	**15,495**	45,950	**25,067**	65,628
CONCESSION ANNUAL FEES	**-**	26,880	**2,721,812**	2,562,482
Total exploration expense - Ecuador	**$1,882,152**	$859,956	**$5,883,867**	$4,027,272
Other	**$53,832**	**-**	**$53,832**	**-**
Total exploration expenses	**$1,935,984**	$859,956	**$5,937,699**	$4,027,272

For the six months ended June 30, 2019, the Company incurred losses of $8,032,336 (2018 - $6,009,429). The accumulated deficit increased from $22,068,450 in 2018 to $33,700,701 in 2019. Exploration expenditures represent the largest part of this and are discussed below.

Geology/field

- **Salaries, benefits $986,511** (2018 - $218,803) includes the cost of geologists, technicians, guides and a contingent of part-time field assistants. The increase in expenditure from the prior year and Q1, reflects the multiple levels of exploration now being undertaken simultaneously, i.e. stream sediment sampling, target definition and scout drilling, each successively more costly, and over an increasing number of targets;
- **Camp costs, equipment, supplies $201,965** (2018 - $72,858) increased reflecting the increase in logistic support required for the expanding work programs across multiple locations with different staging points;
- **Project management $169,409** (2018 - $401,076) this includes salaries and benefits for the VP Exploration and 70% of the consulting fees of the President. The reduction of costs in 2019 compared with 2019 reflects optimization of the in-country management structure;
- **Travel, accommodation $284,973** (2018 - $207,468) for in-country and international travel for the exploration team members due to the increase in exploration activity;
- **Office $63,404** (2018 - $91,424) for administrative support at the Macas and Quito offices, which has been streamlined;
- **Environment $105,957** (2018 - $nil) includes the costs associated with formalizing environmental reporting into a separate internal reporting entity that underscore the importance of this component of exploration, as well as additional environmental compliance items related to scout drilling. The environment lead in the Macas field office is supported by experienced, external, Quito-based consultants;
- **Water $25,308** (2018 - $nil) reflects the establishment of an internal reporting entity, the Technical Water Group, based in the field office at Macas, with responsibility for all maters related to water testing as a

baseline before drilling, and water monitoring after drilling, as well as management of all water-related requirements and the application for water-use permits as required;

- **Drilling $584,715** (2018-$nil) relates to completion of the scout drilling program at Crunchy Hill.

Geochemistry

- **$200,243** (2018 - $135,499) this 150% increase in expenditure relates to the processing and assay of 167 stream sediment samples, 2,861 soil samples and 104 rock samples, in Q2, 2019, compared with 527 stream sediment samples, 892 soil samples and 215 rock-chip samples in Q1, 2019.

Geophysics

- **$41,135** (2018 - $16,747) for consulting fees for on-going interpretation of data from the heliborne magnetic survey that was completed in 2017;

Corporate Social Responsibility

- **$391,661** (2018 - $255,287) for consulting fees, field costs, travel and accommodation of the CSR team, and various community initiatives. The 30% increase in CSR expenditure from Q2 2018 to Q2 2019 relates to engagement with a larger number of communities as access is granted to a larger area, as well as management of community relations in preparation for the scout drilling across the various targets;

Administrative Support

- **$81,707** (2018 - $nil) for Toronto personnel in the areas of project accounting, legal, translation, IT, communications and administration for the Project Lost Cities;

Concession costs

- **$25,067** (2018 - $65,628) for legal and other professional costs related to maintenance of mineral concessions, CSR access permissions and annual reporting to maintain the concessions in good standing;

Mineral concession annual fees

- **USD2,046,475 / CAD$2,727,812** (2018 - USD2,004,923 / CAD$2,562,482) in annual and other fees for the 42 concessions, were paid to the State. Annual fees paid to the Ecuadorian State increased from USD9.65 in 2018 to USD9.85/Ha in 2019.

Other significant non-exploration expenditures are as follows:

- Stock-based compensation expense of **$352,571** (2018 – $794,752), was less than the prior year due to fewer Stock Options and RSUs granted in 2019 than in 2018;
- Investor relations of **$516,845** (2018 - $396,139), reflecting the increased attendance at conferences ($197,000) and use of third party consultants ($185,000) to promote the increased activity and results from the field, with in-house costs of investor relations remaining constant.
- Office and general **$450,780** (2018 - $245,283): This 54% increase was due to a general increase in administration and travel in Ecuador commensurate with the increased level of operational activity;
- Management fees of **$306,027** (2018 - $185,913) increased from the prior year due to the Company requiring more full-time corporate management as operational, governance and financial activity increased. In addition, certain aspects of the financial and corporate secretarial services cost were duplicated to support the transition period; and
- Smaller amounts for professional and administrative fees, regulatory and transfer agent fees, director fees, project evaluation and amortization are broadly in line with the prior period.

Cash Flow Activities	**Six months ended June 30, 2019**	Six months ended June 30, 2018
Operating	**$(7,208,317)**	$(4,804,136)
Financing	**9,272,361**	8,452,286
Investing	**(2,425,130)**	(65,074)
Increase/(decrease) in cash during the period	**$(361,086)**	$3,583,076

For the six months ended June 30, 2019, the Company's cash position decreased by $361,086. The main cash outflows for the current reporting period consist of exploration and corporate expenditures described in the above section on Statement of Loss and included as Operating activity in the Cash Flow statement and the principal cash inflows came from financing activities as described in section 5.2 Finance**.**

7 SUMMARY OF QUARTERLY RESULT

Quarters Ended	Net revenue ($)	Net Loss ($)	Loss per Share ($)
June 30, 2019	-	2,910,745	0.17
March 31, 2019	-	5,121,591	0.17
December 31, 2018	-	2,087,577	0.07
September 30, 2018	-	1,512,335	0.05
June 30, 2018	-	1,948,898	0.07
March 31, 2018	-	4,060,534	0.15
December 31, 2017	-	1,690,051	0.07
September 30, 2017	-	1,418,620	0.05

8 LIQUIDITY AND CAPITAL RESOURCES

The Company considers the capital that it manages to include share capital, share premium, warrants, contributed surplus and deficit, which at June 30, 2019 was a deficiency of $2,006,006 (December 31, 2018 - $(2,573,926)). The Company manages and adjusts its capital structure based on the funds needed in order to support the acquisition, exploration and development of mineral properties. Management does this considering changes in economic conditions and the risk characteristics of the underlying assets. There has been no change with respect to the overall capital risk management strategy during the year ended December 31, 2018. The Company's ability to continue as a going-concern is dependent upon Management's ability to obtain the necessary financing to advance exploration on its Lost Cities Project and meet its liabilities as they come due.

Funding Outlook

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

The proceeds of the Rights Offering, before legal costs and commissions generated $5,254,665 in cash. These funds have been used to pay the 2019 concession fees, and to fund the on-going exploration activities including scout drilling, CSR and corporate costs in both Ecuador and Toronto. Management borrowed an additional USD3,000,000 from its Chairman, CEO and principal shareholder and subsequently announced a $4.0 million Private Placement, closing a $2.78 million first tranche on August 27, 2019, to fund on-going operations and advance the company's exploration strategy including the continuation of its scout drilling program through 2019. Beyond 2019 it is likely that further funding will be required and may be in the form of one or more of equity issuances, short-term loans, and the exercise of warrants and stock options or through joint venturing certain properties.

9 INDEBTEDNESS

The Company's activities are partially funded by loans from a major shareholder and are described in detail in the unaudited condensed interim financial statements for the three and six months period ended June 30, 2019. The significant changes in those debt instruments during the quarter are described in section 5.2 Finance above.

10 EQUITY

Share Capital – Activity during the six months ended June 30, 2019:

	# Shares	Par Value	Share Premium
Balance – December 31, 2018	**32,036,874**	**$319**	**19,983,179**
Shares issued for rights offering	1,946,172	19	5,254,646
Less share issue costs	-	-	(219,074)
Shares issued for exercise of options	30,000	-	85,793
Shares issued on debt conversion	877,192	1	2,987,093
Shares issued for exercise of warrants	55,000	-	191,496
Balance – March 31, 2019	**34,945,238**	**$339**	**28,283,133**

Stock Options - Activity during the six months ended June 30, 2019:

	Number of Options	Weighted Average Exercise Price	Estimated Fair Value
Balance - December 31, 2018	**1,516,260**	**$2.92**	**$1,806,852**
Issued	180,000	$3.40	233,358
Issued	48,000	$3.40	68,635
Issued	77,000	$2.97	-
Exercised	(10,000)	$2.00	(8,597)
Exercised	(20,000)	$2.00	(17,195)
Stock-based compensation expense	-	-	104,518
Balance – June 30, 2019	**1,791,260**	**$2.15**	**$2,187,571**

Stock options – Outstanding at June 30, 2019:

Issued Number of Options	Exercisable Number of Options	Exercise Price	Expiry Date	Estimated Fair Value
1,260	1,260	$3.00	May 26, 2020	1,168
415,000	415,000	$0.60	July 13, 2021	218,238
150,000	150,000	$2.30	May 26, 2022	256,242
370,000	246,667	$2.00	November 2, 2022	497,664
250,000	166,667	$2.89	March 2, 2023	436,390
300,000	200,000	$2.68	April 5, 2023	475,876
180,000	-	$3.40	January 16, 2024	233,358
48,000	16,000	$3.40	January 16, 2024	68,635
77,000	-	$2.97	June 28, 2024	-
1,791,260	**1,195,594**			**$2,187,571**

Restricted Stock Units - The following summarizes the RSU activity during the six months ended June 30, 2019:

	Number of RSUs	Weighted Average Fair Value	Estimated Fair Value
Balance – December 31, 2018	**67,000**	**$1.98**	**$132,581**
Stock-based compensation expense	-	-	6,317
Balance – June 30, 2019	**67,000**	**$2.07**	**$138,898**

Warrants - The following summarizes the warrants and Agents' Options activity and outstanding warrants and Agents' Options for the six months ended June 30, 2019:

	Number of Warrants/ Agents' Options	Weighted Average Exercise Price	Estimated Fair Value
Balance – December 31, 2018	**2,259,051**	**$2.92**	**$1,123,509**
Exercised	(42,500)	$3.00	(19,933)
Exercised	(10,000)	$3.00	(5,250)
Exercised	(2,500)	$3.00	(1,313)
Balance – June 30, 2019	**2,204,051**	**$2.94**	**$1,097,013**

11 KEY MANAGEMENT EXPENSE

In accordance with IAS 24, key Management personnel are those having authority and responsibility for planning, directing and controlling the activities of the Company directly or indirectly, including any directors (executive and nonexecutive) of the Company.

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

For the three months ended June 30,	2019	2018
Management fees (1)	**$306,027**	$135,618
Management fees (1)	**169,409**	-
Director and advisor fees (2)	**37,500**	30,527
Stock-based compensation (3)	**324,553**	663,546
Total key management compensation expense	**$837,489**	$829,691

(1) 2018 and 2019 - This includes 100% CFO fees, Toronto, 100% salary/benefits of the Country Manager, Ecuador, and 30% of the President's compensation. The remaining 70% of the President's compensation and 100% of the compensation paid to the VPX has been charged to exploration.

(2) Directors' compensation totals $60,000 per annum. On March 2, 2018, Alfred Lenarciak was appointed as a financial advisor to the Company. Mr. Lenarciak's compensation is $15,000 per annum or $1,250 per month.

(3) This amount is the fair value expense of vested stock options and RSUs granted to key Management during the six months ended June 30, 2019. The balance of $81,959 is the fair value expense of stock options and RSUs granted to other employees and consultants not included here.

12 RELATED PARTY TRANSACTIONS

Related parties include the Board of Directors, close family members and enterprises that are controlled by these individuals as well as certain persons performing similar functions. The Company entered into the following transactions with related parties in the six months ended June 30, 2019:

(a) A total of $75,000 (2018 - $75,000), plus applicable taxes was charged to the Company by a management company controlled the President, on account of management consulting fees (the "Fees"). Included in accounts payable and accrued liabilities at June 30, 2019 is $12,500 (December 31, 2018 - $nil) owed to the President's company, for unpaid consulting fees. These amounts are unsecured, non-interest bearing and due on demand.

(b) A total of $83,564 (2018 - $30,000), plus applicable taxes were charged to the Company by the Chief Financial Officer ("CFO"), pursuant to a consulting contract. $17,268 is included in accounts payable and accrued liabilities at June 30, 2019.

(c) During the six months ended June 30, 2019, the Company incurred $81,360 (2018 - $127,500) of administrative service costs provided by Big Silver Ltd a company owned and controlled by the Chairman, CEO and principal shareholder. At June 30, 2019 $81,360 (December 31, 2018 - $82,500) remains payable to Big Silver Ltd. These amounts are unsecured, non-interest bearing and due on demand.

13 OFF-BALANCE SHEET TRANSACTIONS

There are no other transactions contemplated at this time.

14 PROPOSED TRANSACTIONS

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

15 CRITICAL ACCOUNTING ESTIMATES

The Company prepares its interim 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 interim statement of financial position;
(b) the inputs used in accounting for stock-based compensation expense in the condensed consolidated interim statement of loss;
(c) the $nil provision for decommissioning and restoration obligations which are included in the condensed consolidated interim statement of financial position; and
(d) the existence and estimated amount of contingencies (See 18 Commitments and Contingencies).
(e) the valuation of the acquisition of ESA.

16 CHANGES IN ACCOUNTING POLICIES AND FINANCIAL INSTRUMENTS

Changes in Accounting Policies
During the six months ended June 30, 2019, the Company adopted several new IFRS standards, interpretations, amendments and improvements of existing standards including IFRIC 23. These new standards and changes did not have any material impact on the Company's condensed consolidated interim financial statements.

Financial Instruments
IFRS requires that the Company disclose information about the fair value of its financial assets and liabilities. The Carrying amounts of cash equivalents, receivables, trade and other accounts payable and promissory note on the statements of financial position approximate fair value because of the limited term of these instruments.

Fair value estimates are made by the Company at the date of the statement of financial position based on relevant market information and information about the financial instrument. These estimates are subjective in nature and involve uncertainties in significant matters of judgment and therefore cannot be determined with precision.

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

17 RISKS AND UNCERTAINTIES

There are no significant changes in the material risk and uncertainties faced by the company from those reported in the Management Discussion and Analysis for the year ended December 31, 2018.

18 COMMITMENTS AND CONTINGENCIES

Environmental Contingencies
The Company's exploration activities are subject to various laws and regulations governing the protection of the environment. The Company conducts its operations so as to protect public health and the environment and believes its operations are materially in compliance with all applicable laws and regulations.

Service Costs and Consulting Agreements
Commencing January 1, 2019, the Company entered into an agreement with Big Silver Ltd. a company owned and controlled by the Chairman, Chief Executive Officer and principal shareholder, for office rent and general office services. The agreement can be terminated by either party with 90 days' notice.

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

The Company's Chief Financial Officer provides financial corporate consulting services to the Company pursuant to an annual, renewable consulting agreement, the terms include a monthly fee of $12,000 based on 50% of time with provision for additional hours as the need arises.

The Company runs its corporate social responsibility ("CSR") program under the guidance of a Toronto consulting firm, in tandem with the exploration program. Compensation for services provided by the consultants is stipulated at $1,000 per diem for up to 10 days per month ("the base services"). Any additional services to be performed over and above the base services must be pre-approved in writing. Either party may terminate the CSR Contract with 30 days' written notice.

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

On June 28, 2019, Aurania signed a contract with Metron Incorporated ("Metron") of Reston, Virginia, USA. Metron will provide data analytic and statistical analysis services to Aurania to help refine its search for the historical gold mining centres, Logrono de los Caballeros and Sevilla del Oro, in Ecuador. Aurania will pay USD150,000 in installments over two years against performance benchmarks, and were granted 77,000 stock options exercisable for five years.

19 SUBSEQUENT EVENTS

VeriDaas Agreement

On July 16, 2019, Aurania signed a contract with VeriDaas Corporation ("VeriDaas") to perform a very specialized LiDAR survey. Pursuant to the contract the Company will pay USD591,000 in installments against a performance and product delivery schedule.

Private Placement

On July 18, 2019, Aurania announced its intention to complete a non-brokered private placement of up to 1,481,481 units at $2.70 per unit for total gross proceeds of $4 million, closing an initial $2,783,264 million tranche, representing the sale of 1,030,862 Units, on August 27, 2019 and extending final closing to October 7, 2019, subject to receipt of all applicable regulatory approvals. Each Unit will consist of one common share of the Company and one-half common share purchase warrant. Each whole Warrant entitles the holder to purchase one Common Share at an exercise price of $4.00 for a period of 18 months following closing of the Offering. In connection with the First Tranche, Dr. Keith Barron, Chairman and CEO of the Company, acquired 402,962 Units a corporate entity over which he has direction and control.

Stock Option exercise

20,000 stock options were exercised for proceeds of $12,000.

20 QUALIFIED PERSON

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

21 SHARE DATA

As at	Common Shares	Warrants	Agents' Options and Warrants	Stock Options	RSUs	Fully Diluted
December 31, 2018	32,036,874	2,259,051	79,442	1,516,260	67,000	35,958,627
June 30, 2019	34,945,238	2,204,051	79,442	1,714,260	61,000	39,003,991
August 28, 2019	34,965,238(1)	2,204,051	79,442	1,694,260(1)	61,000	39,003,991

(1) A total of 20,000 common shares have been issued since June 30, 2019 in relation to the exercise of: 20,000 stock options

22 ADDITIONAL INFORMATION

The Company

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

Directors, Officers and Management
Keith Barron – Chief Executive Officer, Chairman of the Board of Directors ("Board") and Director
Richard Spencer – President and Director
Antony Wood – Chief Financial Officer
Jean Paul Pallier – Vice President - Exploration ("VPX")
Warren Gilman – Director
Jonathan Kagan – Director
Leanne Baker – Director
Alfred Lenarciak - Director

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Toronto, Ontario Canada M5C 2C5
Tel: (416) 367-3200
Email: info@aurania.com; Website: http://www.aurania.com

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

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