



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, 2024

(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 and most recently in France. 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 entered the Proposed Transaction as described in this document, and for an exploration license in the Brittany Peninsula of northwestern France. These applications are progressing through the lengthy review process that precedes the granting of 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 six months ended June 30, 2024 (the “Reporting Period”). This MD&A is prepared as at August 26, 2024, unless otherwise indicated, and should be read in conjunction with the unaudited condensed interim consolidated financial statements and the notes related thereto for the six months ended June 30, 2024 (the “Financial Statements”) which have been prepared in accordance with International Accounting Standard (“IAS”) 34 Interim Financial Reporting. 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.sedarplus.ca> 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 (“\$”), Swiss Franc (“CHF”), the United States Dollar (“USD”), Peruvian Sol (“SOL”) and European euro (“€”)), 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. SECOND QUARTER 2024 HIGHLIGHTS

The Company continued the corresponding process on its request to enter into an agreement for payment of the annual concession fees of its 42 mineral exploration concessions in Ecuador for the year 2024. Its properties in Ecuador remains in good standing while an agreement is being finalized.

As of the date of this MD&A, the Company is still waiting for a response from the authorities in this matter, which is undergoing a lengthy administrative process, throughout which additional requirements may be requested. Further details will be reported once an agreement is reached.

Aurania's CSR team continued to work with local communities in Ecuador to advance various social programs and initiatives within the areas of the Company's key targets, strengthening the bonds with the communities and improving the Company's social license.

On April 17, 2024, the Company announced it intends to restart its 2024 exploration program on the Kuri-Yawi epithermal gold target area, a high priority target for further exploration and target refinement due to encouraging surface indications. The company also decided to complete the anaconda mapping at Awacha, which is a necessary step to start the interpretation of the data and defining the targets for future drill campaigns.

On May 31, 2024, the Company announced the closing of the previously announced non-brokered private placement financing for an aggregate of 18,716,112 Units sold at a price of \$0.20 per unit for total gross proceeds of \$3,743,222. Each unit consists of one common share and one full warrant, the warrant will entitle the holder to purchase one common share at an exercise price of \$0.45 for a period of 24 months following the closing of the corresponding tranche. The net proceeds of the Offering will be used for exploration and target refinement at the Kuri-Yawi target area in Ecuador, and for general working capital purposes.

The Company completed a debt settlement agreement with Dr. Keith Barron, previously approved by the Board of Directors, converting \$2,072,165, which includes \$2,000,000 of principal and \$72,165 of accumulated interest, into 10,360,825 common shares at a price of \$0.20 per common share (the "Debt Settlement"). There were no warrants associated with the Debt Settlement. The Company elected to settle the indebtedness through the issuance of common shares to preserve cash and strengthen its balance sheet. The 10,360,825 Common Shares were recorded at \$1,769,617, representing the carrying value of the promissory notes and accrued interest.

On June 10, 2024, the Company entered into a share purchase agreement with Palamina Corp. ("Palamina"). Aurania will divest its entire interest in its Peruvian wholly-owned subsidiary in exchange of 350,000 common shares of Palamina and retain a 1% Net Smelter Return (NSR) royalty on certain mining claims held by the Peruvian subsidiary. Additionally, Palamina can repurchase half of this NSR royalty for \$1,000,000 at any time.

AuroVallis, a wholly owned Swiss subsidiary of Aurania, has completed the liquidation process initiated several years ago. Consequently, the Company stopped consolidating this subsidiary on June 30, 2024. This action has no impact on the Company's consolidated financial figures.

1.1. Exploration - Lost Cities Project, Ecuador

1.1.1 Operational strategy

(a) Review of operational strategy and priority areas

Aurania's strategy concentrates the majority of its resources on the epithermal gold and porphyry copper exploration at the Company's Lost Cities – Cutucu Project in Ecuador while exploring joint ventures and other potential partnerships in respect of advancing exploration projects in certain concessions. The Company has identified the Kuri-Yawi epithermal gold targets as having the highest priority in the short term for further exploration and target refinement.

The Company is evaluating all of its mineral concessions and may not renew those of lower geological interest. At this time, the Company does not know the combination of concessions to be released.

(b) Intrusive-related copper targets

Awacha: The target area comprises a cluster of geophysical anomalies representing porphyry targets located in an area approximately 9 km x 6 km in size. Mobile Magnetotellurics (“MobileMT”) geophysics has indicated a buried conductive body in excess of 4 km x 5 km 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 “phyllitic” alteration seen in porphyry systems. Field work started in June in order to complete the Anaconda mapping.

At **Kuri-Yawi**, no exploration was conducted during the six months ended June, 2024.

(c) Epithermal targets for gold-silver

Tatasham: Three holes for a total of 1,664.64m were drilled between the fourth quarter of 2022 and the first quarter of 2023. The Tatasham target was considered only a porphyry target before initial drilling was completed. Nevertheless, the discovery of a breccia including clast of sinters and a sinter boulder 1,300m further to the south, led us to reclassify the area as having both epithermal and porphyry targets.

Kuri-Yawi: During 2020 and 2021, nine scout holes were drilled to test the soil geochemistry anomalies along with a geophysical anomaly detected during the 2021 MobileMT survey. The results at that time showed intense and pervasive hydrothermal clay mineral alteration (illite with areas of kaolinite) and silica-carbonate veinlets exhibiting epithermal textures which are encouraging features consistent with proximity to an epithermal system.

A TerraSpect survey conducted in the field has shown the presence of typical epithermal alteration zonation coinciding with chalcedony veins and a low magnetic anomaly. A low magnetic anomaly can result from the demagnetization of the rock due to hydrothermal alteration. Many sinter boulders are present in the vicinity of the Kuri-Yawi area. Proposals for the IP survey were received and are currently under review.

No additional exploration was made during the six months ended June 30, 2024 at **Kuri-Yawi, Kuripan, and Latorre C.**

(d) Regional exploration

No regional exploration was conducted during the six months ended June 30, 2024.

1.1.2 Mineral Property Interests

The Company filed all the appropriate documentation for the renewal of its concession in Ecuador and filed a request to enter into an agreement for payment of the associated annual concession fees.

1.1.3 Corporate Social Responsibility (“CSR”)

The Company’s CSR team is its first point of contact with local communities, the majority of which are indigenous. The Company currently has social license to operate in 55 communities located within the Lost Cities Project area.

During 2023, the CSR team and the Step Forward Foundation (the “Foundation”) started a pilot project in alliance with the Mathkind organization to train and provide key tools for teaching and coaching children in the learning of mathematics to reduce the educational gap in rural areas. Seven teachers, from the three communities involved in 2023, graduated during the first semester of 2024. Twenty additional teachers from five other communities started their training in June 2024.

The alliance designed the architectural plans for a new rural school, and together with the local teachers, the alliance developed an operational plan aligned with specific educational goals to run the school. The project includes constructing a



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new school and bathroom facilities, ensuring a safe and hygienic environment for the students, which is particularly necessary as the current bathrooms are infested with bats and rats. Additionally, 300 school kits were given to the schools located in the Awacha, Kuri Yawi and Crunchy Hill target areas.

In June 2024, the second phase of the micro-business program was launched in collaboration with the Foundation and local cooperatives in the Tatasham target area. This phase aims to enhance local families and communities' financial literacy, business association skills, and business planning capabilities. As part of this initiative, industrial sewing machines and fabrics were awarded to the winners of the 2023 best business plan competition, which proposed setting up a tailor shop. The runners-up received supplies to start micro-businesses making volleyball nets and hammocks. Additionally, building materials were provided to 20 women from the Awacha area to construct stalls for their micro-businesses.

Aurania's CSR team continues to strengthen the communities through programs and workshops on leadership development for community leaders, delivering support to indigenous grassroots organizations in conflict resolution and decision making.

1.1.4 Health & Safety

There were no reportable accidents in the field during the first semester of 2024. Safety and environmental care talks were provided to the temporary workers assisting with the Company's field operations.

1.1.5 Environment & Water

The Company submitted reports on water consumption to ARCA (Agency of Regulation and Control), for the areas where it holds water permits. Waste generated from field visits and office activities are categorized as hazardous, organic, and inorganic and managed in accordance with the environmental plan as an ongoing activity. No issues have been detected.

1.2 Exploration Project, Peru

On June 10, 2024, the Company signed a share purchase agreement (the "Agreement") with Palamina whereby the Company has agreed to sell to Palamina 100% of the shares of the Company's Peruvian wholly-owned subsidiary, Sociedad Minera Vicus Exploraciones S.A.C. ("Vicus"). Under the Agreement, Aurania will receive 350,000 common shares of Palamina and a 1% NSR royalty over certain mining claims located in Peru which are held by Vicus. Additionally, Palamina will have the option to repurchase half of this NSR royalty for \$1,000,000 at any time.

No additional exploration was conducted during the six months ended June 30, 2024.

1.3 Exploration Project, France

The Company applied for a 51km² exploration permit immediately in the vicinity of a major shear zone called South Armorican Shear (cisaillement sud-armoricain) in the Brittany Peninsula of northwestern France through a wholly-owned French subsidiary. The concession area has historically been the site of significant high-grade gold finds. Placer gold in streams is present in the vicinity of the area.

In the area of interest, numerous gold nuggets or blocks of quartz containing high-grade gold were found. At the end of the 19th century, two auriferous quartz blocks of 1.17 kg and 1.47 kg were found at a distance of 400 m from each other. Recently, the Paris Museum acquired a block from this area containing 922 g of gold for a total weight of 3.31 kg. Around the 1980s, the BRGM (French equivalent of the USGS in the United-States) carried out alluvial sampling in the area which showed the presence of gold. Aurania's geologists have visited the area and found numerous blocks of quartz and evidence of past mining activity.

The Swiss challenge and public consultation phases planned in the permit application process have now been completed.

1.4 Funding

1.4.1 Private placement financing

On May 31, 2024, the Company closed the previously announced (April 17, 2024) non-brokered private placement financing for 18,716,112 units priced at \$0.20 per unit (the “Issue Price”), completed in three tranches on May 9, May 23 and May 31 of 2024 for total gross proceeds of \$3,743,222. Each unit consisted of one common share and one full warrant, the warrant having an exercise price of \$0.45 per warrant and expiring 24 months after the closing date of the applicable tranche. The Company paid commissions to certain finders of an aggregate of \$3,430 in cash and 17,150 finder warrants. Each finder warrant entitles the holder to purchase one unit at the Issue Price and is exercisable for a period of twenty-four (24) months from the closing of the first tranche.

Dr. Keith Barron, the Chief Executive Officer, President, director, promoter and a significant shareholder of the Company subscribed for 2,303,360 units of this offering and acquired 10,360,825 common shares of the Company pursuant to the Debt Settlement. Thomas David Ullrich, a director of the Company, acquired 100,000 Units under the Offering.

The aggregate cash paid for finders’ commissions, regulatory and legal costs was \$67,308. A value of \$1,003,426 has been assigned to warrants using the Black-Sholes option pricing model for each tranche using the following assumptions: expected dividend yield of 0%, an expected life of 2 years, an expected volatility of 116.99%, 117.27% and 112.92%, respectively, and a risk-free rate of 4.19%, 4.19% and 4.26%, respectively. Volatility is based on the historical trading of the Company’s shares.

2. SELECTED FINANCIAL INFORMATION

Table 1: Selected financial information.

	As at June 30, 2024	As at December 31, 2023
Cash	\$3,008,488	\$325,262
Total assets	3,467,637	710,008
Total liabilities	13,058,109	10,882,401
Total shareholders’ (deficiency)	(9,590,472)	(10,172,393)
Accumulated deficit	\$(102,687,142)	\$(98,771,170)

The change in the accumulated deficit is discussed in detail in Section 4 – Consolidated loss and comprehensive loss.

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 ⁵		
	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 ^{3,6}	UoP Mar 2022 Private Placement and Promissory Note	UoP Jun 2022 Promissory Note	UoP Aug 2022 Promissory Note	UoP Dec 2022 Private Placement	UoP Mar 2023 Private Placement	UoP Mar 2024 Private Placement	Budgeted Cumulative Total	Year ended December 31, 2020	Year ended December 31, 2021 ^{4,6}	Year ended December 31, 2022	Year ended December 31, 2023	3 months ended March 31, 2024	3 months ended June 30, 2024			Cumulative Total	
Ecuador																					
Regional / Reconnaissance Exploration Target Development	\$600,000	\$390,000	\$476,591	\$ -	\$ -	\$595,000	\$1,000,000	\$ -	\$ -	\$ -	\$3,061,591	\$980,499	\$1,321,403	\$435,336	\$81,699	\$ -	\$85,082	\$2,904,019	\$157,572	Refer to 3.2.1	
Epithermal Gold-Silver	2,530,000	1,970,000	1,911,073	356,820	-	-	-	-	-	1,210,000	7,977,893	1,772,760	2,651,317	262,684	125,519	83,120	130,482	\$5,025,883	2,952,010	Refer to 3.2.2	
Sediment-Hosted Copper-Silver	1,200,000	887,000	251,437	320,000	-	-	-	-	-	-	2,658,437	805,288	3,938,259	224,957	82,776	-	-	\$5,051,280	(2,392,843)	Refer to 3.2.4	
Intrusive-Related Copper	1,000,000	2,164,000	115,780	350,000	-	-	-	1,879,685	-	190,000	5,699,465	4,223,749	2,286,037	1,656,850	1,212,797	47,392	29,506	\$9,456,331	(3,756,866)	Refer to 3.2.3	
Carbonate-Hosted Silver-Zinc-Lead	170,000	759,000	1,393,592	250,000	-	-	-	-	-	-	2,572,592	670,043	1,481,529	189,069	265,264	-	-	\$2,605,905	(33,313)	Refer to 3.2.4	
Community Social Responsibility	250,000	350,000	526,098	390,000	-	-	-	-	-	250,000	1,766,098	906,800	847,972	419,165	408,844	77,735	83,279	\$2,743,795	(977,697)	Refer to 3.4	
Environmental, Health and Safety	-	-	292,968	225,000	-	-	-	-	-	50,000	567,968	-	993,475	256,548	158,335	15,413	13,719	\$1,437,490	(869,522)	Refer to 3.5 and 3.6	
Concessions ¹	2,800,000	2,800,000	53,100	1,470,000	1,400,000	-	-	-	3,165,349	3,237,483	14,925,932	2,785,907	2,613,615	2,776,966	3,165,349	3,237,483	-	\$14,579,320	346,612	Refer to 3.7.1	
Peru																					
Concession and legal fees ²	-	-	327,156	-	-	405,000	-	-	-	-	732,156	219,314	1,281,174	590,456	281,715	2,311	(340,657)	\$2,034,313	(1,302,157)	Refer to 3.7.2	
Desktop studies	-	50,000	134,823	-	-	-	-	-	-	-	184,823	68,759	(29,990)	-	-	-	-	\$38,769	146,054		
France																					
Professional services	-	-	-	-	-	-	-	-	-	-	-	-	-	-	66,849	64,714	70,446	\$202,009		Refer to 3.7.3	
General office, legal and travel expenses	-	-	-	-	-	-	-	-	-	-	-	-	-	-	13,638	8,651	19,188	\$41,477			
Working capital																					
Working capital	-	-	-	-	1,440,781	-	-	-	-	500,000	1,940,781	-	-	-	-	-	-	-	1,940,781		
Total	\$8,550,000	\$9,370,000	\$5,482,618	\$3,361,820	\$2,840,781	\$1,000,000	\$1,000,000	\$1,879,685	\$3,165,349	\$5,437,483	\$42,087,736	\$12,433,119	\$17,384,792	\$6,812,030	\$5,862,786	\$3,536,819	\$91,045	\$46,120,591	\$(3,789,369)		

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

² USD352,925 of the concession payments made in June 2021, fourth quarter of 2022 and June 2023 were satisfied by credit certificates from rejected property interest.

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

⁴ Certain costs included in Regional Exploration and Target Definition in the first and second quarters has been reclassified to Environment, Health and Safety.

⁵ See 1.1.1 (a) Review of operational strategy and priority areas.

⁶ Further detail is disclosed in the fourth quarter 2021 consistent with the use of proceeds detail in the October 2021 Prospectus.

3.2 Exploration of the Lost Cities Project, Ecuador

3.2.1 Reconnaissance Exploration

Stream sediment sampling had been completed over 66% of the Lost Cities Project. A field review of selected stream anomalies by a geologist led to the discovery of an area with visible gold in the vicinity of the Crunchy Hill area.

Target development

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

Target Type	Target	Planned	Status
Epithermal Gold-Silver	Kuri-Yawi B1		See sub-section 3.2.2 (b)
	Kuripan	Further exploration to refine epithermal system drill targets	See sub-section 3.2.2 (c)
	Crunchy Hill		See sub-section 3.2.2 (e)
Intrusive-Related Copper	Tatasham	Requalified to epithermal and porphyry targets after drilling	See sub-section 3.2.2 (a) and 3.2.3 (a)
	Awacha	Further exploration to refine porphyry-style drill targets	See sub-section 3.2.3 (b)

3.2.2 Epithermal Targets for Gold-Silver

(a) Tatasham

The Tatasham target was considered a porphyry target only before initial drilling commenced in late 2022. Nevertheless, the discovery of a breccia including clast of sinters above hole TT-001 and a sinter boulder 1,300m further to the south led us to reclassify the area as having both epithermal and porphyry targets. Three holes were drilled between the fourth quarter of 2022 and the first quarter of 2023, for a total of 1,664.64m including 898.89m during the first quarter of 2023. Holes TT-001 and TT-002 have crossed a zone of intense silicification associated with fault and breccia. It is believed to be the distal part of an epithermal system. Hole TT-003 crossed a sinter paleosurface with more than 30m thickness above an intense silicified zone with breccias and barite veins.

(b) Kuri-Yawi

During 2021 and 2020, nine scout holes for a total of 4,957 metres were drilled to test the soil geochemistry anomalies and one of the geophysical anomalies detected during the MobileMT survey in 2021. The results at that time showed intense and pervasive hydrothermal clay mineral alteration (illite with areas of kaolinite) and silica-carbonate veinlets that exhibit epithermal textures which are encouraging features consistent with proximity to an epithermal system.

A TerraSpect survey conducted in the field has shown the presence of typical epithermal alteration zonation coinciding with chalcidony veins and a low magnetic anomaly. A low magnetic anomaly can result from the demagnetization of the rock due to hydrothermal alteration. Many sinter boulders are present in the vicinity of the Kuri-Yawi area.

(c) Kuripan

A soil grid showed 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.

(d) Latorre C

Sinter material previously identified defines probable upwelling zones that typically lie at the core of epithermal systems. One of these zones has associated gold in soil. MobileMT data shows the presence of a conductor at depth within the Latorre C target area. This target area is not a priority at this time.

(e) Crunchy Hill

A scout drilling program was conducted between 2019 and 2020 at Crunchy Hill, including ten holes for 3,605m. The holes drilled did not intersect significant gold mineralization, but two important principal structures, which contained some silver, were crossed. The nature of veins intersected in the scout drilling at Crunchy Hill is indicative of the upper part of an epithermal system. However, no further study was done in this area due to the relatively small size of the target compared with Kuri-Yawi. During a recent control of the stream anomalies in the field, visible gold was found in the vicinity of the target. Additional fieldwork is planned in the area for the third quarter of 2024.

3.2.3 Intrusive-Related Copper Targets

(a) Tatasham

The Tatasham target is the largest magnetic target identified in the 2017 heliborne geophysical survey. During the third quarter of 2022, an Anaconda mapping method was conducted in the area defined by Dr. Steve Garwin and Aurania's geology team according to soil geochemistry and geophysics. The results of the mapping show an area of intense silicification and fracturation along a major N-trending ridge with a central region of elevated goethite / hematite ratios, which is inferred to represent the oxidation of rocks with elevated chalcopyrite / pyrite ratios. This N-S trend coincides with hydrothermal alteration zones revealed by the IR spectrometry (Terraspec) and characterized by the presence of illite.

(b) Awacha

The Awacha target area comprises a cluster of geophysical anomalies representing porphyry targets located in an area approximately 9km x 6km in size. The stream results show anomalies in copper, molybdenum, arsenic and bismuth. Soil results, received at the beginning of 2022, returned a low-grade anomalous copper in soil (> 50 ppm Cu) and rock (> 200 ppm Cu) that extends 7km (north-south) by 1-2km (east-west) through the western part of the prospect. Anaconda mapping started at the end of 2022 and an IR spectrometry (Terraspec) study was conducted at the same time on the rock samples collected in the field. Previous results showed hydrothermal alteration styles that range from chlorite-propylitic to illitic, phyllic (quartz-sericite) and locally potassic (biotite). Different intrusive outcrops from syenite to Monzodiorite and quartz veins locally with chalcopyrite were found during the first phase of the field work at Awacha. Between the fourth quarter of 2022 and the first quarter of 2023, an IR spectrometry (Terraspec) study was conducted by ASL laboratory over a selection of 393 soil samples. These samples have shown the presence of pyrophyllite and dickite, characteristic of advanced argillic alteration that indicate the Awacha area corresponds to the upper part of a porphyry system. The last phase of the Anaconda mapping started in June 2024 and is currently in process.

(c) Kuri-Yawi

2D MobileMT geophysics defined two porphyry-style targets within the Kuri-Yawi area (Kuri-Yawi F and E). 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.

3.2.4 Sediment-hosted Targets

A review of the drill core and a stratigraphic study resulted in the definition of a new sediment-hosted deposit model that increases the potential of the area and reorients any future exploration on these targets. The Company believes this target area is favorable geologically, but it is not a high priority at this time given the large extension of the target area.

(a) Tsenken

The stratigraphic study based on the drill core review was completed during the fourth quarter of 2022. The results show a favorable geological environment for the presence of additional sediment-hosted copper-silver occurrences similar to the Kupferschiefer deposits of Poland, with the main target being the Hollin formation present in the south part of Tsenken and in Kirus.

(b) Tiria-Shimpia

Review of the drill core resulted in the recognition of Cretaceous Napo sediments in a dropped-down graben in the centre of the Project. The zinc, silver and lead mineralization occur in the calcareous section of the Napo formation, which was originally identified as the much older Santiago formation. Consequently, there is a strong probability of finding the presence of new mineralization along the graben faults subscribing the Napo inlier. Management is quite encouraged by this new interpretation.

3.3 Mineral Property Interests and obligations

The Company filed all the appropriate documentation for the renewal of its 42 mineral exploration concession in Ecuador for the year 2024. The Company also filed a request to enter into an agreement for payment of the associated annual concession fees. Its property in Ecuador remains in good standing while an agreement is being finalized.

3.4 Corporate Social Responsibility

The Company's CSR team continues to work closely with communities within the Lost Cities Project area, 98% of which are Indigenous. 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 government.

The Company currently has social license to operate in 55 communities located within the Lost Cities Project area. In order to maximize the economic and social benefits of social programs in the communities where the Company has direct influence and to ensure their long term sustainability, the Company has supported with technical resources and logistics, Government programs from the ministries of 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"). This has benefited such government agencies as access to these remote communities is challenging, and the relationship between Government-Communities has been historically almost inexistent while the Company has strong ties and recognition within them.

3.5 Health and Safety

The Company believes that a safe and healthy workplace is a moral imperative reflecting the Company's respect for the individual and the community. The Company is committed to the safety and health of its employees and constantly monitors trends and reviews current and emerging issues in the safety and health field and evaluates their potential impact on the Company and its employees. Special effort has been directed at working with governmental agencies to improve health, sanitation and education within the Project area.

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 has invested in education about basic sanitation and water purification methods in conjunction with the Foundation and local residents.

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

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, on December 27 and 28, 2016 and the concessions were subsequently registered with the Mining Registry of the Mining and Non-Renewable Natural Resources Regulation and Control Agency in compliance with the Mining Law. The concessions are valid for 25 years, renewable for a subsequent 25-year period, provided that the concessions are maintained in good standing.

Regulation for mineral concessions have not changed and continue to be as described in note 8 (a) – Mineral concessions and obligations of the Company’s most recent annual consolidated financial statements for the year ended December 31, 2023, which can be found on the Company’s SEDAR+ profile at www.sedarplus.ca and on its website <http://www.aurania.com>.

The concession fees paid, potential future fee obligations and expenditure commitments are set out below.

Table 4. Summary of expenditure thresholds and commitments related to the Lost Cities Project

Initial Exploration Phase				
Year	Annual concession fee (USD)	Expenditure Required (USD)	Actual Expenditure (USD)	
1 (2017)	\$1,973,198 ¹	\$1,038,820 ²	\$3,354,497	
2 (2018)	2,004,923 ¹	2,077,640 ²	4,396,820	
3 (2019)	2,046,475 ¹	2,077,640 ²	5,116,155	
4 (2020)	2,077,640 ¹	2,077,640 ²	8,627,136	
5 (2021)	2,077,640 ¹	2,077,640 ²	12,820,134	
6 (2022)	2,207,493 ¹	2,077,640 ²	5,364,089	
7 (2023)	2,337,345 ¹	2,077,640 ²	4,486,236	
8 (2024)	2,389,286 ³	2,077,640 ⁴		⁵
Estimated	⁶	⁶		^{5,6}

¹ Paid

² Requirement satisfied.

³ The Company filed all the appropriate documentation for the renewal of its 42 mineral exploration concessions in Ecuador. The Company also filed a request to enter into an agreement for payment of the associated annual concession fees. By filing the concession renewals prior to the March 31, 2024 deadline, the Company maintains its properties in Ecuador in good standing while an agreement is finalized.

⁴ 2024 amounts are estimated maximum Required Expenditures that assumes the current number of concessions are maintained and a continuing fee of USD10.00 per hectare.

⁵ Reported by March 31 of the following year.

⁶ The Company will evaluate the concessions and may not renew those of lower geological interest. The Company does not know the combination of concessions advancing to Advanced Exploration and those to be released, which may result in an increase or decrease in the amounts to be paid.

(b) Relinquishment or cancellation of concessions

The size of the concession area constituting the Project may be reduced at the Company’s discretion. Conversely, mineral concessions can be cancelled by the State, for various reasons including, misrepresentation by the concession-holder of the stage of the concessions’ exploration and development, by causing an excessive environmental impact, irreparable damage to Ecuadorian cultural heritage, or by 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, CEO, and largest shareholder of the Company.



3.7.2 Peru Project

The Company entered into the Agreement with Palamina as described in the Proposed Transaction section of this MD&A. The Company holds applications for mineral concessions, which once granted become “Titles” to mineral concessions.

During the second quarter of 2024, the Company retained only certain concessions of interest to Palamina. The corresponding accrual for concession fees was cancelled, and it is presented as a benefit in exploration cost.

3.7.3 France Project

Leveraging its experience in the field, the Company has applied for an exploration license in the Brittany Peninsula of northwestern France through a wholly owned French subsidiary. The target area includes the Hennebont area in the Morbihan Department, a region historically recognized for its significant high-grade gold finds, including placer gold present in streams in the vicinity of the area.

The Company's initiative to secure exploration rights in this promising area represents a significant step towards potentially unlocking an extraordinary new gold and other metals exploration opportunity in Brittany, France. This unique opportunity not only enhances the Company's portfolio significantly but also presents a strategic opportunity for the country regarding the potential the project could contribute to the country's resource independence.

4. CONSOLIDATED LOSS AND COMPREHENSIVE LOSS

During the second quarter of 2024, the Company incurred a loss of \$1,948,071 (second quarter of 2023 - \$1,395,103), increasing the accumulated deficit from \$98,771,170 at December 31, 2023 to \$102,687,142 at June 30, 2024.

Table 5. Expenditures for the three and six months ended June 30, 2024 and 2023.

	Three months ended		Six months ended June 30,	
	2024	2023	2024	2023
Operating Expenses:				
Exploration expenditures	\$91,045	\$446,242	\$3,627,864	\$4,745,140
Stock-based compensation	796,690	121,950	899,520	244,985
Investor relations	105,849	74,624	263,308	197,762
Office and general	332,341	317,498	497,441	505,497
Management fees	63,499	95,520	92,058	175,020
Professional and administration fees	20,506	16,742	42,643	32,379
Regulatory and transfer agent fees	49,330	99,159	85,252	129,851
Amortization	21,381	28,160	43,718	57,006
Total expenses	\$1,480,641	\$1,199,895	\$5,551,804	\$6,087,640
Other Expenses (Income)				
Foreign exchange (income) loss	107,348	(129,570)	263,569	(101,876)
Interest income	(10,363)	(374)	(10,390)	(3,227)
Accretion of shareholder contribution	370,445	325,152	879,352	648,412
Net loss and comprehensive loss for the period	1,948,071	\$1,395,103	\$6,684,335	\$6,630,949
Basic and diluted loss per share	\$0.02	\$0.02	\$0.09	\$0.11
Weighted average common shares outstanding – basic and diluted	82,562,289	67,026,885	75,017,013	62,991,541

The Company's accounting policy is to expense exploration expenditures and therefore the \$3,627,864 expense in exploration represents the majority (54%) of the total accumulated loss. A discussion of the principal expenditure items follows:

Exploration expenditures

The Company filed all the appropriate documentation for the renewal of its 42 mineral exploration concession in Ecuador for the year 2024. The Company also filed a request to enter into an agreement for payment of the associated annual concession fees. Its property in Ecuador remains in good standing while an agreement is being finalized.

Other exploration costs include CSR, salaries, environment, health and safety activities among other expenses in Ecuador, and the project development and consultants in France.

Table 6. Breakdown of exploration expenditures.

	Three months ended June 30,		Six months ended June 30,	
	2024	2023	2024	2023
ECUADOR				
GEOLOGY/FIELD:				
- Salaries, benefits	\$65,523	\$223,219	\$118,972	\$443,118
- Camp costs, equipment, supplies	45,290	41,013	80,825	132,175
- Project management	12,247	45,923	14,299	111,191
- Travel, accommodation	3,283	18,210	4,576	69,691
- Office (Quito, Macas)	6,017	8,492	10,412	15,214
- Environment, health & safety	8,263	40,850	16,406	98,963
- Water	13,719	20,056	29,132	34,876
- Drilling	82,315	23,085	82,315	475,210
GEOCHEMISTRY	-1,642	2,369	3	21,633
EXPERT CONSULTANTS	21,221	260	24,619	31,319
CORPORATE SOCIAL RESPONSIBILITY – fees, travel, supplies	83,324	127,503	161,059	250,931
LEGAL AND OTHER FOR CONCESSIONS	2,534	15,689	23,136	15,689
CONCESSION MAINTENANCE - permits	-	-	3,237,483	3,165,349
Total exploration in Ecuador	\$342,094	\$566,669	\$3,803,237	\$4,865,359
PERU				
- Costs related to concession fee applications	\$(344,287)	\$(140,206)	\$(344,287)	\$(139,998)
- Technical Consulting	3,587	14,500	3,587	14,500
- Travel, accommodation	-	404	-	404
- Legal	17	4,875	2,328	4,875
Total exploration in Peru	\$(340,683)	\$(120,427)	\$(338,372)	\$(120,219)
FRANCE				
- Project management	54,059	-	114,191	-
- Expert consultants	16,387	-	20,969	-
- Travel, accommodation	11,998	-	15,588	-
- Office and general	2,992	-	3,497	-
- Legal expenses	4,198	-	8,754	-
Total exploration – France	\$89,634	-	\$162,999	-
TOTAL EXPLORATION EXPENSE	\$91,045	\$446,242	\$3,627,864	\$4,745,140

Other Operating Expenditures

The Company has continued to reduce operating and administrative costs. The most relevant expenses relate to office and administration, investor relations activities and stock-based compensation.

Table 7: Cash Flow activities

Cash Flow Activities	Six months ended June 30, 2024	Six months ended June 30, 2023
Operating	\$(1,958,181)	\$(5,857,825)
Financing	4,648,687	5,054,378
Investing	(7,280)	-
Decrease/(increase) in cash during the period	\$2,683,226	\$(803,447)



During the second quarter of 2024, the Company's cash position increased by \$2,683,226 (Table 7). The main cash source for the first half of 2024 consists of the private placement issued during May 2024 and the loan received from Dr. Barron in January 2024 as further discussed in section 7 – Indebtedness of this MD&A.

5. SUMMARY OF QUARTERLY RESULT

Table 8. Summary of quarterly result.

Quarters Ended	Net revenue	Net Loss	Loss per Share
June 30, 2024	-	\$1,948,071	\$0.02
March 31, 2024	-	4,736,264	0.07
December 31, 2023	-	1,310,504	0.01
September 30, 2023	-	2,030,092	0.03
June 30, 2023	-	1,395,103	0.02
March 31, 2023	-	5,235,846	0.09
December 31, 2022	-	2,435,709	0.04
September 30, 2022	-	1,871,841	0.03

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 June 30, 2024 was a deficiency of \$9,590,472 (December 31, 2023 – deficiency of \$10,172,393). 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 six months ended June 30, 2024.

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.

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 June 30, 2024, the Company had available cash of \$3,008,488 (December 31, 2023 – \$325,262) to settle current liabilities of \$3,620,465 (December 31, 2023 – \$829,072). Also, the Company has long-term liabilities of \$9,437,644 (December 31, 2023 – \$10,053,329). 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.

Table 9. Summary of financial liabilities.

In Canadian \$ equivalents	Carry amount	Contractual cash flows	July 1, 2024 to June 30, 2025	Thereafter
Accounts payable and accrued liabilities	\$ 3,592,411	\$ 3,592,411	\$ 3,592,411	\$ -
Promissory note 2017	555,925	665,981	-	665,981
Promissory note 2019	3,852,197	4,614,469	-	4,614,469
Promissory note March 2022	1,446,679	1,732,826	-	1,732,826
Promissory note June 2023	1,737,848	2,077,901	-	2,077,901
Promissory note October 2023	862,044	1,032,071	-	1,032,071
Promissory note January 2024	856,592	1,026,592	-	1,026,592
Lease liabilities	154,413	185,484	73,002	112,482
Total	\$ 13,058,109	\$ 14,927,735	\$ 3,665,413	\$ 11,262,322

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 the following months 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 and the on-going exploration activities, CSR activities as well as corporate costs in Ecuador, Peru, France and Canada.

7. INDEBTEDNESS

Promissory Notes 2017 - 2023

During 2017, 2019, 2022, and 2023 Dr. Keith Barron, who is the Chairman, President, and Chief Executive Officer, as well as a principal shareholder of the Company (the "Lender" or "Dr. Barron"), advanced a total of seven loans to the Company in the following dates and amounts:

- March 20, 2017 – USD2,000,000 (\$2,671,600 at an exchange rate of 1.3358 USD/CAD). Portions of this loan were repaid on various dates, including a settlement involving stock options.
- April 22, 2019 – USD3,000,000 (\$4,005,900 at an exchange rate of 1.3353 USD/CAD)
- March 11, 2022 – USD1,187,500 (\$1,510,500 at an exchange rate of 1.2720 USD/CAD)
- June 10, 2022 – \$1,000,000
- July 29, 2022 – \$1,000,000
- June 14, 2023 – \$2,000,000, received in advances between June 20 and September 20, 2023
- October 13, 2023 – \$1,000,000, received in advances between October 11 and December 12, 2023

The loans are unsecured, bear interest at 2% per annum and mature 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 20% throughout the year ended December 31, 2023, there is deemed to be a benefit to the Company and as such that portion of the promissory loans considered to represent that benefit is recorded in equity as a shareholder contribution. The loans become repayable on the day following the one-year anniversary of Dr. Barron requesting repayment. The accretion on the promissory notes 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 notes as an accretion expense.

Debt settlement

On April 17, 2024, with a subsequent update on April 24, 2024, the Company's Board of Directors approved a debt settlement arrangement with Dr. Barron, converting \$2,072,165—comprising \$2,000,000 in principal and \$72,165 in accumulated interest on the loans dated June 10, 2022 and July 29, 2022—into 10,360,825 Common Shares at a price of \$0.20 per share. The completion of this debt settlement was announced on May 9, 2024. No warrants were issued in connection with this transaction. This strategic decision was made to preserve cash and strengthen the Company's balance sheet.

Table 10. Summary of indebtedness related to promissory notes from 2017 – 2023.

For the six months ended June 30, 2024 and the year ended December 31, 2023	2024	2023
Initial carrying amount	\$9,926,970	\$ 10,064,229
Interest rate benefit recognized as shareholder contribution	(731,712)	(1,662,631)
Accretion expense	823,320	1,660,169
Debt settlement - Promissory notes June 10 and July 29, 202	(1,759,671)	-
Foreign exchange translation gain	195,785	(134,797)
Balance, end of period	\$8,454,692	\$ 9,926,970

Promissory Note issued in January 2024

On January 30, 2024, the Company announced the approval from the Board of Directors to receive a loan from Dr. Barron for an aggregate of \$1,000,000, received in advances between January and March, 2024. The loan is unsecured, bears interest at 2% per annum and becomes repayable on the day following the one-year anniversary of Dr. Barron requesting repayment. IFRS requires that where an interest rate is below the market rate, estimated at 20%, 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 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.

Table 11. Summary of indebtedness related to promissory note issued in January 2024.

For the six months ended June 30, 2024 and the year ended December 31, 2023	2024	2023
Total proceeds	\$1,000,000	\$ -
Initial shareholder contribution on initial recognition	(150,000)	-
Initial carrying amount	850,000	-
Interest rate benefit recognized as shareholder contribution	(49,439)	-
Accretion expense	56,031	-
Balance, end of period	\$856,592	\$ -

Lease liabilities

The Company has a lease related to an office for the operations in Toronto. The lease is for a term ending December 31, 2026.

Table 12. Lease liabilities

Lease Liabilities	
Balance at December 31, 2023	\$181,640
Interest expense	5,111
Payments	(32,338)
Lease liabilities as at June 30, 2024	\$154,413

Table 13. Classification of lease liabilities by maturity

Lease Liabilities	
Current lease liability at year end	\$28,054
Non-current lease liability at year end	\$126,359
Lease liabilities as at June 30, 2024	\$154,413

8. EQUITY

Stock Options

The directors of the Company agreed to receive their director fees for 2024 in stock options in lieu of cash. The Company granted a total of 94,000 stock options exercisable at \$0.25 in lieu of their director fees for the first quarter of 2024 and 54,000 stock options exercisable at \$0.46 in lieu of their director fees for the second quarter of 2024, expiring after three years and vesting immediately. A fair value of \$15,040 and \$16,200 respectively was determined using the Black-Sholes pricing model with the following assumptions: expected dividend yield of 0%, expected volatility based on historical trading of 105% and 108% respectively, and risk-free rate of 4.16% and 4.04%, respectively.

Additionally, the Board of Directors granted up to 2,100,000 stock options to directors, officers, employees and consultants in accordance with the Company's Stock Option Plan. The stock options have an exercise price of C\$0.46, are exercisable for five years and are subject to customary vesting conditions. A fair value of \$693,000 was determined using the Black-Sholes pricing model with the following assumptions: expected dividend yield of 0%, expected volatility based on historical trading of 94%, and risk-free rate of 3.51%.

During the first half of 2024, a total of 101,000 stock options expired unexercised, including 24,000 options on January 16 valued at \$60,960, and 77,000 options on June 28 valued at \$170,940.

Table 14. Summary of stock options activity and estimated fair value.

	Number of Options	Weighted Average Exercise Price	Estimated Fair Value
Balance – December 31, 2023	5,161,468	\$1.28	\$5,074,717
Granted	2,248,000	0.45	262,240
Expired	(101,000)	3.07	(231,900)
Stock-based compensation expense	-	-	899,520
Balance – June 30, 2024	7,308,468	\$1.00	\$6,004,577

The following table summarizes the outstanding stock options as at the date of this MD&A.

Table 15. Detail of stock options issued, exercisable and estimated fair value.

Issued Number of Options	Exercisable Number of Options	Exercise Price	Expiry Date	Estimated Fair Value
480,000	480,000	2.70	24-Oct-24	900,601
125,000	125,000	3.16	7-Feb-25	295,000
460,000	460,000	3.51	17-Nov-25	909,419
100,000	100,000	3.25	22-Dec-25	182,500
200,000	200,000	3.21	25-Jan-26	377,860
53,568	53,568	0.46	11-Apr-26	14,999
58,000	58,000	0.33	30-Jun-26	11,600
40,000	40,000	2.51	1-Jul-26	59,640
107,200	107,200	0.24	30-Sep-26	15,008
79,200	79,200	0.31	31-Dec-26	15,048
94,000	94,000	0.25	31-Mar-27	15,040
54,000	54,000	0.43	28-Jun-27	16,200
1,170,000	1,170,000	0.84	30-Jun-27	659,152
162,500	162,500	0.84	4-Jul-27	73,003
35,000	35,000	0.84	18-Aug-27	13,926
1,990,000	1,326,667	0.33	30-Jun-28	381,518
2,100,000	700,000	0.46	28-Jun-29	231,000
7,308,468	5,245,135	\$1.00		4,171,514

The weighted average contractual life remaining for stock options as of the date of this document is 3.27 years.



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Restricted Stock Units - There was no RSU activity during the six months ended June 30, 2024.

Shares to be issued

The following table summarizes the shares to be issued activity for the six months ended June 30:

Table 16. Summary of STBI activity and estimated fair value.

	Number of Shares to be Issued	Weighted Average Fair Value on Grant Date	Estimated Fair Value on Grant Date
Balance – December 31, 2023	289,700	\$3.01	\$872,528
STBI expired	(98,900)	2.93	(289,950)
Balance - June 30, 2024	190,800	\$3.05	\$582,578

Warrants

On May 31, 2024, the Company closed a non-brokered private placement financing for 18,716,112 units priced at \$0.20 per unit, each consisting of one common share and one full warrant, the warrant having an exercise price of \$0.45 per warrant and expiration dates of May 9, 2026, May 23, 2026, and May 31, 2026. The Company paid commissions to certain finders of an aggregate of \$3,430 in cash and 17,150 finder warrants. Each finder warrant entitles the holder to purchase one unit at \$0.20 and is exercisable for a period of twenty-four (24) months from the closing of the corresponding tranche.

A gross value of \$1,003,426 has been assigned to warrants using the Black-Sholes option pricing model for each tranche using the following assumptions: expected dividend yield of 0%, an expected life of 2 years, an expected volatility of 116.99%, 117.27% and 112.92%, respectively, and a risk-free rate of 4.19%, 4.19% and 4.26%, respectively. Volatility is based on the historical trading of the Company's shares.

The following summarizes the warrants and agents' options activity and outstanding warrants and agents' options for the six months ended June 30, 2024:

Table 17. Summary of warrants and agents' warrants activity and estimated fair value.

	Number of Warrants/ Agents' Options	Weighted Average Exercise Price	Estimated Fair Value
Balance – December 31, 2023	23,931,855	\$1.17	\$6,997,977
Issued warrants private placement	18,716,112	0.45	985,383
Finders warrants (Exercisable into units*)	17,150	0.45	926
Expired	(3,061,129)	4.25	(2,246,513)
Balance – Aug 26, 2024	39,603,988	\$0.83	\$5,737,773

On March 29, 2024, the Company announced the extension of the exercise period for a total of 1,996,653 unlisted common share purchase warrants, all of which were exercisable at \$1.25 per common share and would otherwise expire on March 28, 2024, or March 30, 2024.

On April 1, 2024, the tradable warrants listed on TSX-Venture under the symbol ARU.WT.A. expired unexercised. A total of 3,061,129 expired unexercised on that date.



As of the date of this MD&A, the following warrants were outstanding and exercisable:

Table 18. Detail of warrants outstanding.

Expiry date	Number of Warrants	Exercise Price
November 29, 2024	2,419,176	0.75
December 22, 2024	1,827,432	0.75
March 28, 2025	1,586,653	1.25
March 30, 2025	410,000	1.25
March 23, 2026	7,818,505	0.75
April 25, 2026	1,262,855	0.75
May 9, 2026	10,891,510	0.45
May 19, 2026	224,703	0.75
May 23, 2026	4,219,752	0.45
May 31, 2026	3,622,000	0.45
October 21, 2026	3,835,250	2.20
October 21, 2026	230,115	2.20
October 21, 2026	1,256,037	2.20
Balance – Aug 26, 2024	39,603,988	\$0.83

The weighted average contractual life for warrants outstanding as at August 26, 2024 is 1.54 years.

9. KEY MANAGEMENT EXPENSE

In accordance with IAS 24, key Management personnel are those having authority and responsibility for planning, directing and controlling the activities of the Company directly or indirectly, including any directors (executive and nonexecutive) of the Company. The remuneration of key management and Directors of the company for the first half of 2024 was:

Table 19. Summary of key management expense

For the six months ended June 30,	2024	2023
Salary - corporate ⁽¹⁾	\$92,058	\$106,935
Salary – technical ⁽²⁾	128,490	111,191
Stock-based compensation for key management ⁽³⁾	674,516	151,424
Total key management compensation expense	\$895,064	\$369,550

⁽¹⁾Salary - corporate includes 100% CFO fees.

⁽²⁾Salary - technical includes 100% of the compensation paid to the Vice President, Exploration

⁽³⁾This figure is the estimated expense of vested stock options and RSUs granted to key management and directors during the six months ended June 30, 2024 and 2023.

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 six months ended June 30, 2024 and 2023:

- (a) Certain Company employees undertake work for other companies with officers and directors in common and the Company passes through the cost of the work done to those companies. The amounts receivable are unsecured, non-interest bearing and have no fixed terms of repayment. During the six months ended June 30, 2024 and 2023:
 - I. \$nil (first half 2023-\$nil) was passed to Firestone Ventures Inc. Dr. Keith Barron, Chairman and CEO of the Company, was also President, CEO and Director of Firestone Ventures Inc. Dr. Richard Spencer, Aurania's former President and Director served on the board of directors of Firestone Ventures Inc. During the second



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quarter of 2023, the Company received the payment of the account receivable for \$1,805. As at June 30, 2024 and 2023, \$nil remained receivable.

- II. \$nil (first half 2023-\$nil) was passed through 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. During the second quarter of 2023, the Company received the payment of the account receivable for \$281. As at June 30, 2024 and 2023, \$nil remained receivable.
- (b) During the six months ended June 30, 2024, the Company incurred expenses of \$21,467 (first half 2023-\$nil) for its operations in France paid by Dr. Keith Barron. As at June 30, 2024, \$79,866 remained as an accounts payable due to Dr. Barron (June 30, 2023-\$nil).
- (c) For other related party transactions, refer to Section 1.4.1 – Private placement financing, Section 7 – Indebtedness, Section 9 – Key management expense and Section 17 – Subsequent events.

11. OFF-BALANCE SHEET TRANSACTIONS

The Company has no off-balance sheet arrangements.

12. PROPOSED TRANSACTIONS

On June 10, 2024, the Company entered into a shares purchase agreement (the "Agreement") with Palamina Corp. ("Palamina") whereby the Company has agreed to sell to Palamina 100% of the shares of the Company's Peruvian wholly-owned subsidiary, Sociedad Minera Vicus Exploraciones S.A.C. ("Vicus"). Upon closing of the Agreement, Aurania will receive 350,000 common shares of Palamina and a 1% NSR royalty over certain mining claims located in Peru which are held by Vicus. Additionally, Palamina will have the option to repurchase half of this NSR royalty for \$1,000,000 at any time (the "Proposed Transaction").

The Company established its subsidiary in Peru in 2020 to explore the potential extension of a gold-copper mineral belt from its project in Ecuador into northern Peru. Aurania submitted applications for multiple concessions to the Peruvian Mining and Metallurgical Geological Institute ("INGEMMET") through this subsidiary. The number and size of those applications and concessions granted varied through the years, and the current number of applications and concession titles are not considered material to the Company.

The board of directors of the Company unanimously approved the Proposed Transaction and has determined that the Agreement is fair to shareholders of the Company and is in the Company's best interest.

Subsequent to the end of the reporting period, on August 8, 2024, the TSXV approved the Proposed Transaction. The Company and Palamina expect to close the Proposed Transaction before September 30, 2024.

See Section 17 – Subsequent events for updated information on the Proposed Transaction.

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 consolidated statement of financial position.
- (b) the inputs used in accounting for stock-based compensation expense in the consolidated statement of loss.
- (c) the \$nil provision for decommissioning and restoration obligations which are included in the consolidated statement of financial position.
- (d) the existence and estimated amount for 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

Recently adopted accounting pronouncements

Certain pronouncements were issued by the IASB that are mandatory for accounting periods commencing on or after January 1, 2024. Many are not applicable or do not have a significant impact to the Company. There are no relevant IFRS's or IFRS interpretations that are effective that would have a material impact on the Company.

Future changes in accounting pronouncements

A number of new standards are not yet effective for the year ended December 31, 2024, and have not been applied in preparing these financial statements. Many are not applicable to, or do not have a significant impact on the Company and have therefore been excluded. The following have not been adopted and are being evaluated to determine their impact on the Company's consolidated financial statements. The Company will adopt these pronouncements as of their effective date.

IFRS 10 – Consolidated Financial Statements (“IFRS 10”) and IAS 28 – Investments in Associates and Joint Ventures (“IAS 28”) were amended in September 2014 to address a conflict between the requirements of IAS 28 and IFRS 10 and clarify that in a transaction involving an associate or joint venture, the extent of gain or loss recognition depends on whether the assets sold or contributed constitute a business. The effective date of these amendments is yet to be determined. Early adoption is permitted.

Financial Instruments

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

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

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

15. RISKS AND UNCERTAINTIES

The operations of the Company are speculative due to the nature of the mineral exploration industry. 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 2, 2024 available on the Company's web site at <http://www.aurania.com> and on the Company's SEDAR+ profile at www.sedarplus.ca.

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 a party to certain management contracts. As at June 30, 2024, these contracts contained minimum commitments of approximately \$963,432, of which the totality is due within one year upon the termination of those contracts. In the occurrence of a change of control, additional contingent payments of up to approximately \$97,304 would be due. As a triggering event has not taken place, the contingent payments have not been reflected in the Financial Statements.

On June 30, 2022, the Company entered a corporate services agreement for a fractional CFO. The Company pays \$230/hour for wages based on hours worked. The agreement is for twelve months and is automatically renewed for subsequent periods of six months unless written notice of termination has been provided by any of the parties. Monthly services during the six months ended June 30, 2024 have been approximately \$13,000.



In September 2022, the Company entered into a four-year term office lease agreement with monthly fees starting at \$5,248 increasing to \$5,673 through the term of the lease.

17. SUBSEQUENT EVENTS

Proposed Transaction

On August 8, 2024, the TSXV approved the Proposed Transaction. The Company and Palamina expect to close the Proposed Transaction before September 30, 2024.

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

Table 20. Summary of share data.

As at	Common Shares	Shares to be issued	Warrants	Agents’ Options and Warrants	Stock Options	RSUs	Fully Diluted
December 31, 2022	58,217,926	334,100	14,243,247	382,545	4,119,500	57,800	77,355,118
March 31, 2023	66,019,071	334,100	22,044,392	399,905	3,919,500	57,800	92,774,768
June 30, 2023	67,471,737	334,100	23,497,058	434,797	4,975,068	36,800	96,749,560
September 30, 2023	67,471,737	334,100	23,497,058	434,797	5,082,268	36,800	96,856,760
December 31, 2023	67,471,737	289,700	23,497,058	434,797	5,161,468	-	96,854,760
March 31, 2024	67,471,737	289,700	23,497,058	434,797	5,231,468	-	96,924,760
June 30, 2024	96,548,674	190,800	39,152,041	451,947	7,308,468	-	143,651,930

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 – President, Chief Executive Officer, Chairman of the Board of Directors and Director
 Jonathan Kagan – Director
 Nathalie Han – Director
 Thomas Ullrich – Director
 Francisco Freyre – Chief Financial Officer
 Jean Paul Pallier – Vice President - Exploration
 Carolyn Muir – Vice President - Corporate Development & Investor Relations

Corporate Office

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 Toronto, Ontario Canada M5C 1B5
 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.