



AURANIA

AURANIA RESOURCES LTD.

CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS (Unaudited)

For the Three and Nine Months Ended September 30, 2017

(Expressed in Canadian Dollars)

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AURANIA

MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL REPORTING AND NOTICE TO READER

The accompanying unaudited condensed consolidated interim financial statements of Aurania Resources Ltd. (the "Company") for the three and nine months ended September 30, 2017 are the responsibility of the Company's management ("Management") and have been prepared by Management and include the selection of appropriate accounting principles, judgments and estimates necessary to prepare these condensed consolidated interim financial statements in accordance with International Accounting Standard ("IAS") 34 *Interim Financial Reporting* using the accounting policies consistent with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB") for condensed consolidated interim financial statements.

AURANIA RESOURCES LTD.**CONDENSED CONSOLIDATED INTERIM STATEMENTS OF FINANCIAL POSITION (Unaudited)***(Expressed in Canadian Dollars)*

AS AT	September 30, 2017	December 31, 2016
	\$	\$
ASSETS		
Current assets		
Cash	1,884,941	3,942
Prepaid expenses and receivables	190,587	2,512
	2,075,528	6,454
Property, plant and equipment <i>(note 5)</i>	44,634	-
Total assets	2,120,162	6,454
LIABILITIES AND SHAREHOLDERS' EQUITY (DEFICIENCY)		
Current liabilities		
Trade and other payables <i>(note 11)</i>	394,239	260,611
Promissory notes <i>(note 7)</i>	1,324,702	380,740
Total liabilities	1,718,941	641,351
SHAREHOLDERS' EQUITY (DEFICIENCY)		
Share capital <i>(note 8)</i>	273	229
Share premium <i>(note 8)</i>	12,984,627	5,485,705
Warrants <i>(note 10)</i>	883,874	-
Contributed surplus	901,376	692,868
Deficit	(14,368,929)	(6,813,699)
Total shareholders' equity (deficiency)	401,221	(634,897)
Total liabilities and shareholders' equity (deficiency)	2,120,162	6,454

Nature of operations and business continuance *(note 1)*
Commitments and contingencies *(notes 6, 7 and 13)*

APPROVED BY THE BOARD:

Signed, "Marvin K. Kaiser", Director

Signed, "Richard Spencer", Director

The accompanying notes are an integral part of these condensed consolidated interim financial statements.

AURANIA RESOURCES LTD.
CONDENSED CONSOLIDATED INTERIM STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY (DEFICIENCY) (Unaudited)
(Expressed in Canadian Dollars)

	ISSUED CAPITAL			RESERVES			Total Shareholders' Equity (Deficiency) \$
	Common Shares #	Share Capital \$	Share Premium \$	Warrants \$	Contributed Surplus \$	Accumulated Deficit \$	
Balance - December 31, 2015	22,759,735	229	5,485,705	-	586,017	(6,312,232)	(240,281)
Stock-based compensation (<i>note 9 (i)</i>)	-	-	-	-	81,439	-	81,439
Stock-based compensation (<i>note 9 (ii)</i>)	-	-	-	-	(16,832)	16,832	-
Net loss for the period	-	-	-	-	-	(355,226)	(355,226)
Balance - September, 2016	22,759,735	229	5,485,705	-	650,624	(6,650,626)	(514,068)
Stock-based compensation (<i>note 9</i>)	-	-	-	-	42,244	-	42,244
Net loss for the period	-	-	-	-	-	(163,073)	(163,073)
Balance - December 31, 2016	22,759,735	229	5,485,705	-	692,868	(6,813,699)	(634,897)
Shares issued for private placements (<i>note 8</i>)	3,200,890	32	6,401,748	-	-	-	6,401,780
Less share issue costs	-	-	(534,482)	-	-	-	(534,482)
Shares issued for acquisition (<i>note 8</i>)	1,000,000	10	1,765,532	-	-	-	1,765,542
Shares issued for debt settlement (<i>note 8</i>)	375,000	2	749,998	-	-	-	750,000
Warrants issued for private placements (<i>note 10</i>)	-	-	(750,476)	750,476	-	-	-
Broker warrants compensation (<i>note 8</i>)	-	-	(133,398)	133,398	-	-	-
Stock-based compensation (<i>note 9</i>)	-	-	-	-	208,508	-	208,508
Net loss for the period	-	-	-	-	-	(7,555,230)	(7,555,230)
Balance - September 30, 2017	27,335,625	273	12,984,627	883,874	901,376	(14,368,929)	401,221

The accompanying notes are an integral part of these condensed consolidated interim financial statements.

AURANIA RESOURCES LTD.**CONDENSED CONSOLIDATED INTERIM STATEMENTS OF LOSS AND COMPREHENSIVE LOSS (Unaudited)***Expressed in Canadian dollars*

	Three months ended September 30,		Nine months ended September 30,	
	2017	2016	2017	2016
	\$	\$	\$	\$
Expenses:				
Exploration expenditures (<i>note 6</i>)	1,093,083	25,000	1,288,980	37,079
Office and general	125,706	19,792	221,664	60,995
Stock-based compensation (<i>note 9</i>)	57,420	81,439	208,508	81,439
Management and directors' fees (<i>note 11</i>)	63,152	31,950	189,044	95,850
Investor relations and travel	64,842	6,424	146,628	19,643
Regulatory and transfer agent fees	11,526	9,048	64,455	28,043
Professional and administrative fees	22,756	8,200	60,059	31,611
Amortization	1,620	-	1,757	-
Total expenses	1,440,105	181,853	2,181,095	354,660
Other (income) expenses:				
Costs associated with acquisition of EcuaSolidus, S.A. (<i>note 4</i>)	-	-	5,511,183	-
(Gain) loss on foreign exchange	(36,905)	3,628	(154,890)	566
Interest expense	15,420	-	17,842	-
Net loss and comprehensive loss for the period	1,418,620	185,481	7,555,230	355,226
Basic and diluted loss per share	\$0.05	\$0.01	\$0.30	\$0.02
Weighted average common shares outstanding – basic and diluted	27,335,625	22,759,735	24,845,803	22,759,735

The accompanying notes are an integral part of these condensed consolidated interim financial statements.

AURANIA RESOURCES LTD.**CONDENSED CONSOLIDATED INTERIM STATEMENTS OF CASH FLOWS (Unaudited)***Expressed in Canadian dollars*

Nine months ended September 30,	2017	2016
	\$	\$
Operating activities		
Net loss	(7,555,230)	(355,226)
Adjustment for:		
Acquisition of Ecuasolidus, S.A.	5,511,183	-
Amortization	1,757	-
Stock-based compensation	208,508	81,439
Non-cash working capital items:		
Prepaid expenses and receivables	(188,066)	(10,525)
Trade and other payables	133,631	125,069
Net cash used in operating activities	(1,888,217)	(159,243)
Financing activities		
Shares issued for private placements	6,380,916	-
Less share issue costs	(534,482)	-
Promissory notes advances	207,972	157,140
Repayment of promissory notes	(1,407,014)	-
Net cash provided by financing activities	4,647,392	157,140
Investing activities		
Purchase of capital assets	(46,391)	-
Acquisition of Ecuasolidus, S.A.	(703,769)	-
Advances to Ecuasolidus, S.A.	(128,016)	-
Net cash used by investing activities	(878,176)	-
Increase (decrease) in cash	1,880,999	(2,103)
Cash – beginning of period	3,942	7,753
Cash – end of period	1,884,941	5,650

The accompanying notes are an integral part of these condensed consolidated interim financial statements.

AURANIA RESOURCES LTD.

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

For the three and nine months ended September 30, 2017 (Unaudited)

(Expressed in Canadian Dollars)

1. NATURE OF OPERATIONS AND BUSINESS CONTINUANCE

Aurania Resources Ltd. (the "Company") is a junior exploration mining company engaged in the identification, evaluation, acquisition and exploration of mineral property interests, with a focus on precious metals and copper.

On May 26, 2017, at the Annual and Special Meeting of Shareholders of the Company (the "Meeting"), the shareholders approved the acquisition of EcuSolidus, S.A. ("ESA") (the "Transaction"), a company incorporated under the laws of the Republic of Ecuador. ESA has mineral concessions to explore (known as "Patentes") the Lost Cities – Cutucu Project ("Lost Cities") comprising 42 mineral concessions, covering approximately 2,080 square kilometres in the Cordillera de Cutucu, Ecuador.

As at September 30, 2017, the Company had cash of \$1,884,941 (December 31, 2016 - \$3,942) and liabilities of \$1,718,941 (December 31, 2016 - \$641,351) including a promissory note of \$1,324,702 (\$380,740 at December 31, 2016). The promissory note liability is the indebtedness of the Company, to a company controlled by a principal shareholder and director of the Company (the "Lender"). The promissory note is interest-bearing, at 2% per annum, and the principal and any unpaid interest must be repaid no later than April 19, 2018. The Company has the right and privilege to make voluntary prepayments.

At September 30, 2017, the Company had an accumulated deficit of \$14,368,929 (December 31, 2016 - \$6,813,699) and working capital of \$356,587 (December 31, 2016 – deficiency of \$634,897).

On April 20, 2017, the Company completed a financing with the issuance of 3,200,890 Units for total gross proceeds of \$6,401,780 (collectively the "Offering"). Each Unit is comprised of one common share and one-half share purchase warrant to purchase a common share at \$3.00 per share until October 19, 2018.

Mining exploration operations of companies such as the Company are highly dependent on the Company's ability to secure financing to fund exploration and general corporate costs. As noted above, the Company was recently successful in completing a significant Offering, and the Company has also been successful in doing so in the past, however, there can be no assurance it will be able to do so in the future. These condensed consolidated interim financial statements do not include the adjustments that would be necessary should the Company be unable to continue as a going concern. Such adjustments could be material.

2. SIGNIFICANT ACCOUNTING POLICIES

(a) Statement of compliance

These condensed consolidated interim financial statements, including comparatives, have been prepared in accordance with IAS 34 - *Interim Financial Reporting* using the accounting policies consistent with IFRS as issued by the IASB.

The accounting policies applied in these condensed consolidated interim financial statements are based on IFRS policies issued and outstanding as of the date the Board of Directors approved these interim financial statements November 22, 2017. The same accounting policies and methods of computation are followed in these condensed consolidated interim financial statements as those applied in *note 2* of the Company's most recent annual consolidated financial statements for the year ended December 31, 2016 and have been consistently applied throughout all periods presented, as if these policies had always been in effect. Any subsequent changes to IFRS that are given effect in the Company's annual financial statements for the year ending December 31, 2017 could result in the restatement of these condensed consolidated interim financial statements.

(b) Basis of presentation

These condensed consolidated interim financial statements have been prepared on a historical cost basis using the accrual basis of accounting except for cash flow information. All amounts have been expressed in

AURANIA RESOURCES LTD.

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS (Unaudited)

For the three and nine months ended September 30, 2017 (Unaudited)

(Expressed in Canadian Dollars)

2. SIGNIFICANT ACCOUNTING POLICIES, Continued

Canadian dollars, the functional currency, unless otherwise stated and CHF represents Swiss francs and US\$ represents United States dollars.

(c) Basis of consolidation

These condensed consolidated interim financial statements incorporate the financial statements of the Company and its wholly-owned subsidiaries AuroVallis SARL, (“AVS”), incorporated under the laws of Switzerland and ESA, incorporated under the laws of the Ecuador. All intercompany transactions, balances, income and expenses are eliminated upon consolidation.

(d) Significant accounting judgments and estimates

The application of the Company’s accounting policies in compliance with IFRS requires Management to make certain judgments, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. These estimates and assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimate is revised if the revision affects only that period or in the period of the revision and future periods if the revision affects both current and future periods.

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:

- (i) the inputs used in accounting for valuation of warrants and options which are included in the condensed consolidated interim statement of financial position;
- (ii) the inputs used in accounting for stock-based compensation expense in the condensed consolidated interim statement of loss;
- (iii) the \$nil provision for decommissioning and restoration obligations which are included in the condensed consolidated interim statement of financial position; and
- (iv) the existence and estimated amount of contingencies (*note 13 – Commitments and Contingencies*).
- (v) the valuation of the acquisition of ESA.

(e) Changes in Accounting Policies

During the nine months ended September 30, 2017, the Company adopted a number of new IFRS standards, interpretations, amendments and improvements of existing standards including IAS 1. These new standards and changes did not have any material impact on the Company’s condensed consolidated interim financial statements.

3. CAPITAL AND FINANCIAL RISK MANAGEMENT

Capital management

The Company considers the capital that it manages to include share capital, share premium, warrants, contributed surplus and deficit, which at September 30, 2017 was \$401,221 (December 31, 2016 - deficiency of \$634,897). The Company manages its capital structure and makes adjustments to it, based on the funds needed in order to support the acquisition, exploration and development of mineral properties. Management does this in light of changes in economic conditions and the risk characteristics of the underlying assets.

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NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS (Unaudited)

For the three and nine months ended September 30, 2017 (Unaudited)

(Expressed in Canadian Dollars)

3. CAPITAL AND FINANCIAL RISK MANAGEMENT, Continued

Capital management, Continued

There has been no change with respect to the overall capital risk management strategy during the nine months ended September 30, 2017.

The Company is not subject to externally imposed capital requirements by a lending institution or regulatory body, 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.

Financial risk management

The Company's activities expose it to a variety of financial risks: credit risk, liquidity risk and market risk (including interest rate, foreign exchange rate, and commodity price risk). Risk management is carried out by Management with guidance from the Audit Committee under policies approved by the Board of Directors. The Board of Directors also provides regular guidance for overall risk management. There have been no changes in the risks, objectives, policies and procedures during the reporting period.

(a) Credit risk

Credit risk is the risk of an unexpected loss if a third party to a financial instrument fails to meet its contractual obligations. The Company has no significant concentration of credit risk arising from its operations. Cash is held at select Canadian, Swiss and Ecuadorian financial institutions, from which management believes the risk of loss to be low.

The Company does not have any material risk exposure to any single debtor or group of debtors.

(b) Liquidity risk

Liquidity risk arises through an excess of financial obligations over financial assets at any point in time. The Company's approach to managing liquidity risk is to maintain sufficient readily available cash to continue operations and meet its financial obligations as they become due.

As at September 30, 2017, the Company had \$1,884,941 in cash to settle \$394,239 of trade and other payables and promissory note of \$1,324,702 (December 31, 2016 - \$3,942 in cash to settle \$260,611 of trade and other payables and \$380,740 of promissory notes).

As the Company has no steady source of revenues or cash flow and has implemented its exploration plan as anticipated, it is highly probable that additional financing will be required in 2018 to further advance exploration at the Project, to meet ongoing obligations and discharge the Company's liabilities (including the balance of the MCL), in the normal course of business. As anticipated, a significant portion of the initial financing was spent on Project acquisition, mobilizing and training the exploration teams, initiating a CSR program and establishing bases of operation, as well as coverage of the Project with airborne geophysics. With these all accomplished, the next financing is anticipated to be focused on exploration expenditures to undertake aggressive ground follow up that is to include stream silt geochemical surveys and detailed geological work over priority anomalies identified by the geophysics with the goal of defining some initial drill targets by mid-2018. In order to maximize the efficiency and effectiveness of these programs, Management is considering raising additional funds sooner than anticipated. Management is considering different sources of potential funding to undertake these next phases of exploration, including equity issuances, short-term loans, the exercise of warrants and stock options and JV partnerships.

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NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS (Unaudited)

For the three and nine months ended September 30, 2017 (Unaudited)

(Expressed in Canadian Dollars)

3. CAPITAL AND FINANCIAL RISK MANAGEMENT, Continued

Financial risk management, Continued

(c) Market risk

Market risk is the risk related to changes in the market prices, such as fluctuations in foreign exchange rates and interest rates that will affect the Company's net earnings or the value of its financial instruments.

(i) Interest rate risk

Cash balances are deposited in highly-accessible and low-interest bank accounts that are used for short-term working capital requirements. The Company regularly monitors compliance to its cash management policy

(ii) Foreign currency risk

Certain of the Company's expenses are incurred in CHF and US\$ and are therefore subject to gains or losses due to fluctuations in these currencies. Management believes that the foreign exchange risk derived from currency conversions is best served by not hedging its foreign exchange risk. At September 30, 2017 and December 31, 2016, the Company's exposure to foreign currency risk with respect to amounts denominated in CHF and US\$, was substantially as follows:

<i>In Canadian \$equivalents</i>	September 30, 2017	December 31, 2016
Cash	\$425,222	\$3,108
Trade payables and promissory notes	(1,366,720)	(40,340)
Net exposure	\$(941,498)	\$(37,232)

(d) Commodity price risk

Commodity price risk is defined as the potential adverse future impact on earnings and economic value due to commodity price movements and volatility. The ability of the Company to develop its mineral properties and the future profitability of the Company is directly related to the market price of gold, uranium, and other metal commodities.

Commodity prices have fluctuated significantly in recent years. There is no assurance that these metals will be produced in the future or that a profitable market will exist for them. As of September 30, 2017 and December 31, 2016 the Company was not a metals commodity producer.

(e) Sensitivity analysis

As of September 30, 2017 and December 31, 2016, both the carrying and fair value amounts of the Company's financial instruments are approximately equivalent due to their short-term nature.

Based on Management's knowledge and experience of the financial markets, the Company believes that a 10% strengthening of the Canadian dollar against the CHF and the US\$ at September 30, 2017 would have increased the net asset position of the Company by \$94,150 (December 31, 2016 – \$3,723). A 10% weakening of the Canadian dollar against the same would have had an equal but opposite effect.

AURANIA RESOURCES LTD.

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS (Unaudited)

For the three and nine months ended September 30, 2017 (Unaudited)

(Expressed in Canadian Dollars)

4. ACQUISITION OF ECUASOLIDUS, S.A

On May 26, 2017, the Company acquired all of the issued and outstanding shares of ESA (the "Transaction") pursuant to an Agreement of Purchase and Sale (the "Agreement" form Dr. Keith Barron, Chairman and CEO and significant shareholder of the Company (the "Vendor"). The purchase price consideration paid and the net assets acquired by the Company were as follows:

Consideration paid	
Cash	\$500,000
1,000,000 common shares	1,765,542
Transaction costs	203,769
	<u>\$2,469,311</u>

Identifiable assets and liabilities assumed	
Equipment	\$4,840
Sundry receivables and prepaid expenses	22,048
Trade payables and accrued liabilities	(165,967)
Promissory notes	(2,902,793)
Fair value of net liabilities assumed	<u>\$(3,041,872)</u>

The deficiency of the fair value of the net assets of ESA over the purchase price, in the amount of \$5,511,183 has been recognized in the statement of loss, principally in the second quarter.

As a condition of the closing of the Transaction, the Company agreed to settle certain outstanding debt owed by the Company to the Vendor, or its affiliate or affiliates by issuing common shares of the Company to the Vendor or as he may so direct, at a deemed price of \$2.00 per common share, in an aggregate amount not to exceed \$750,000 (the "Debt Settlement").

As a result of the Transaction, but not forming a part of it, the following obligations were acquired:

- A cash repayment of US\$1,000,000 for the MCL as discussed above; and
- A 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 the Vendor.

5. PROPERTY, PLANT & EQUIPMENT

	Leasehold Improvements	Furniture and Fixtures	Computer Equipment	Total
COST	\$	\$	\$	\$
At December 31, 2016	-	-	4,081	4,081
Additions	21,526	756	24,109	46,391
At September 30, 2017	21,526	756	28,190	50,472

	Leasehold Improvements	Furniture and Fixtures	Computer Equipment	Total
ACCUMULATED DEPRECIATION	\$	\$	\$	\$
At December 31, 2016	-	-	4,081	4,081
Additions	482	17	1,258	1,757
At September 30, 2017	482	17	5,339	5,838

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NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS (Unaudited)

For the three and nine months ended September 30, 2017 (Unaudited)

(Expressed in Canadian Dollars)

NET BOOK VALUE				
At December 31, 2016	-	-	-	-
At September 30, 2017	21,044	739	22,851	44,634

(1) Depreciation is calculated using straight-line method over periods ranging from 3 to 6 years

6. EXPLORATION EXPENDITURES

(a) ECUADOR

Entitlements under the Transaction

Pursuant to the Transaction the Company has become the beneficial holder of the rights, title and interest in the Lost Cities Project, comprised of 42 mineral concessions spanning 207,807 Ha, in the Cordillera de Cutucu, in Ecuador.

Annual fees and Mineral Concession Maintenance Requirements

An annual mineral concession fee per hectare was required to be paid to the State by March 31st each year in order to maintain a concession in good standing. The fee is based on a percentage of the minimum mining wage that is set by the State, and hence the fee can be expected to fluctuate from year to year. This fee is due by March 31 in each year. In 2017 the fee is US\$9.62 per hectare.

Under the terms of a mineral concession agreement with the State, the Company is required to make exploration expenditures as follows: Year 1: US\$5 per hectare; Year 2: US\$5 per hectare; Year 3: US\$10 per hectare; Year 4: US\$10 per hectare. Excess expenditures made on a concession in any one year may be carried over in partial fulfillment of the expenditure obligation for the following year. Annual expenditures and reporting on exploration undertaken on each concession is required to be filed with the Ministry of Mines by March 31st each year. Mineral concessions can be cancelled should the concession-holder misrepresent the stage of the concessions' development, by causing an excessive environmental impact, irreparable damage to Ecuadorian cultural heritage, or by the violation of human rights.

(b) SWITZERLAND

The Company, through its wholly-owned subsidiary AVS, has been maintaining a 100% interest in three exploration permits (the "Permits") in Switzerland, in the Canton of Valais (the "Canton") subject to a 3% gross value royalty payable to the Canton and a 0.75% gross value royalty payable to the surface rights holders.

Permit Status

In 2015, the Company made formal application to obtain new five-year Permits and were advised that the Canton Authority (the "Ministry") intended to revise the Swiss Mining Law (the "ML") prior to issuing new permits. The applications were deemed legally "frozen", therefore Management believes all rights, title and interest under the Permits, have been preserved.

To September 30, 2017, Management is unaware of any change in the status of the Permits.

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NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS (Unaudited)

For the three and nine months ended September 30, 2017 (Unaudited)

(Expressed in Canadian Dollars)

6. EXPLORATION EXPENDITURES, continued

The following table summarizes the Company's cumulative exploration expenditures from inception:

	Cumulative Balance, December 31, 2015 \$	Additions Expensed \$	Cumulative Balance December 31, 2016 \$	Additions Expensed \$	Cumulative Balance September 30, 2017 \$
ECUADOR					
<i>Lost Cities – Cutucu</i>					
EXPLORATION					
Geophysics, fees, expenses	-	-	-	532,072	532,072
Team salaries, fees				180,906	180,906
Field expenses, equipment				76,125	76,125
CSR salaries, fees	-	-	-	170,157	170,157
Travel – CSR and Team				72,250	72,250
OTHER					
Professional, land management	-	-	-	155,080	155,080
Management fees, expenses	-	-	-	50,250	50,250
Evaluation, studies	-	62,660	62,660	47,971	47,791
		62,660	62,660	1,284,811	1,347,471
SWITZERLAND					
<i>Mont Chemin</i>					
Permits, maintenance	36,600	8,427	45,027	4,169	49,196
Exploration	950,596	-	950,596	-	950,596
	987,196	8,427	995,623	4,169	999,792
<i>Siviez</i>					
Permits, maintenance	39,634	1,260	40,894	-	40,894
Exploration	1,118,415	1,844	1,120,259	-	1,120,259
	1,158,049	3,104	1,161,153	-	1,161,153
<i>Marécottes</i>					
Permits, maintenance	17,056	2,000	19,056	-	19,056
Exploration	576,022	-	576,022	-	576,022
	593,078	2,000	595,078	-	595,078
	2,738,323	76,191	2,814,514	1,288,980	4,103,494

7. PROMISSORY NOTES

Short-term Loans

During the nine months ended September 30, 2017, a company controlled by the Chairman and CEO (the "Lender") made short term advances to and certain bill payments for the Company totaling \$207,972 (2016 - \$128,190). To December 31, 2016 the Company owed the Lender a total of \$380,740 for these short-term loans and payments.

During the nine months ended September 30, 2017 the Company owed \$217,122 (2016 - \$130,722) for services provided by a management services company, controlled by the Lender. See note 13 – *Commitments and Contingencies*. The services provided included rental space and consulting services in the areas of administrative assistance, investor relations and IT. To December 31, 2016, the Company owed the Lender and service provider a total of \$163,122 for these services. As a condition of closing the Transaction, it was agreed between the Company and the Lender that the short-term advances and unpaid services, then totaling \$750,000 (the "Indebtedness") would be settled with the issuance of common shares, at a deemed price of \$2.00 per common share. On May 26, 2017, an aggregate of 375,000 common shares were issued to the Lender in settlement of the indebtedness. See note 4 – *Acquisition of EcuaSolidus, S.A.*

AURANIA RESOURCES LTD.

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS (Unaudited)

For the three and nine months ended September 30, 2017 (Unaudited)

(Expressed in Canadian Dollars)

7. PROMISSORY NOTES, Continued

Mineral Concessions Loan

In December 2016, ESA made application to the Mining Ministry in Ecuador to be the registered holder of the mineral concessions forming the Lost Cities Cutucu Project. Annual tariffs for the mineral concessions were estimated at US\$2,000,000 and due on or before March 31, 2017. The Vendor loaned US\$2,000,000 to ESA and the concession fees were paid. The indebtedness of ESA to the Vendor is documented by way of an interest-bearing promissory note. Terms of the note include interest payable at 2% per annum on the outstanding balance and a maturity date of April 19, 2018. The loan may be repaid earlier. As a condition of the Transaction, the Company agreed to repay half of the loan, or US\$1,000,000 from the Offering proceeds thus the balance of US\$1,000,000 (\$1,324,702) is due and owing to the Vendor.

See note 4 – Acquisition of EcuSolidus, S.A.

8. SHARE CAPITAL

- (i) Authorized share capital at September 30, 2017 and December 31, 2016 is 1,000,000,000 common shares with a par value of \$0.00001 per share. All shares issued are fully paid.
- (ii) Issued and outstanding common shares at September 30, 2017 is 27,335,625 (December 31, 2016 - 22,759,735).
- (iii) During the nine months ended September 30, 2017, the Company:
 - (a) Issued 3,200,890 common shares pursuant to a private placement financing for 3,200,890 units (Offering Units), each Offering Unit consisting of one common share and one-half of one common share purchase warrant ("Offering Warrant"). Each full Offering Warrant is exercisable to acquire one common share at \$3.00 until October 19, 2018. Total consideration for the Offering Units is \$6,401,780, comprised of \$6,380,916 cash and \$20,864 for services rendered, in exchange for 10,432 Offering Units. The Offering Warrants were assigned an estimated fair value of \$750,476 using the Black-Scholes option pricing model, using the following assumptions: forfeiture rate 0%, dividend yield 0%, expected volatility 100%, a risk-free interest rate of 0.62% and an expected life of 18 months. Therefore the valuation has attributed \$1.76 to the common shares and \$0.24 to the Offering Warrants.

Agreed to pay compensation to the Agents including: cash payments of \$288,400 and the issuance of 144,200 compensation options ("Agents' Options"). Each Agent Option is exercisable into one unit ("Agent Unit) at a price of \$2.00 for a period of 18 months until October 19, 2018. Each Agent Unit consists of one common share of the Company and one-half of one common share purchase warrant ("Agent Warrant"). Each Agent Warrant entitles the holder to acquire one common share at a price of \$3.00 until October 19, 2018. The Agents' Warrants were assigned an estimated fair value of \$133,398 using the Black-Scholes option pricing model, using the following assumptions: forfeiture rate 0%, dividend yield 0%, expected volatility 100%, a risk-free interest rate of 0.70% and an expected life of 18 months.

For both the Offering and Agents' Units, if the volume weighted average trading price of the Company's common shares on the Company's principal stock exchange exceeds \$3.00 for a period of 20 consecutive trading days, the Company may accelerate the expiry date to the date which is 30 days following the date upon which notice of the accelerated expiry date of the Offering and Agents' Warrants will be provided by the Company to the holders of said Warrants.

- b) Issued 1,000,000 common shares of the Company (the "Transaction Shares") to the Vendor as part of the Transaction purchase price. The Transaction Shares have been assigned an estimated fair value of \$1,765,542 using the share price calculated using the Black-Scholes pricing model more particularly described in (a) above.
- c) Issued 375,000 common shares (the "Settlement Shares") to Lender as the settlement of \$750,000 promissory note shareholder loans. For purposes of the Transaction, it was agreed between the Vendor and the Company to value the Settlement Shares at a deemed price of \$2.00.

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9. STOCK-BASED COMPENSATION

The Company maintains a stock option plan (the "Plan") for the benefit of directors, officers, employees and consultants. The maximum number of common shares reserved for issuance with respect to the Plan cannot exceed 10% of the issued and outstanding common shares of the Company at the date of grant.

- (i) On July 13, 2016, the Company granted 415,000 stock options to directors and officers. Each option is exercisable to acquire one common share at a price of \$0.60. These options expire on July 13, 2021, and vest as follows: 1/3 on the grant date, 1/3 on July 13, 2017 and the remaining 1/3 on July 13, 2018. A total value of \$218,232 has been assigned to the options and for the nine months ended September 30, 2017, an expense for the vested options has been incurred of \$81,794. As at September 30, 2017, \$205,478 of the total value has been expensed.
- (ii) On May 26, 2017, the Company granted 150,000 stock options to the President of the Company. Each option is exercisable to acquire one common share at a price of \$2.30. These options expire on May 26, 2022, and vest as follows: 1/3 on the grant date, 1/3 on May 26, 2018 and the remaining 1/3 on May 26, 2019. A total value of \$256,242 has been assigned to the options using the Black-Scholes option pricing model using the following assumptions: expected forfeiture rate of 0%, expected dividend yield of 0%, expected volatility of 100%, a risk-free interest rate of 0.96% and an expected life of 5 years. To September 30, 2017, a total of \$126,714 (2016 – nil) has been expensed in relation to the vested options.
- (iii) The following summarizes the stock options activity during the nine months ended September 30, 2017:

	Number of Options	Weighted Average Exercise Price	Estimated Fair Value at Grant/Issue Date
Balance - December 31, 2016	2,165,000	\$0.44	\$739,417
Issued	150,000	\$2.30	256,242
Balance - September 30, 2017	2,315,000	\$0.56	\$995,659

- (iv) The following summarizes the stock options outstanding at September 30, 2017:

Issued Number of Options	Exercisable Number of Options	Exercise Price	Expiry Date	Estimated Fair Value at Grant/Issue Date
1,750,000	1,750,000	\$0.40	April 11, 2018	\$521,184
415,000	138,333	\$0.60	July 13, 2021	\$218,233
150,000	50,000	\$2.30	May 26, 2022	\$256,242
2,315,000	1,938,333			\$995,659

The weighted average contractual life remaining for stock options as at September 30, 2017 is 1.37 (2016 – 2.15) years. The above stock options were not included in the computation of diluted net loss per share for the periods presented as they are anti-dilutive.

10. WARRANTS

On April 19, 2017, a total of 1,600,445 common share purchase warrants were issued by the Company in connection with the Offering. See note 8(iii)(a) – *Share Capital*.

Also on April 19, 2017 a total of 144,200 Agents Options were issued in connection with the Offering. Each Agent Option is exercisable into one unit ("Agent Unit") at a price of \$2.00 for a period of 18 months until October 19, 2018. Each Agent Unit consists of one common share of the Company and one-half of one common share purchase warrant ("Agent Warrant"). See note 8(iii)(a) – *Share Capital*

The above warrants have not been included in the computation of diluted net loss per share as they are anti-dilutive.

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10. WARRANTS, Continued

Option-pricing models require the use of highly subjective estimates and assumptions including the expected stock price volatility. Changes in the underlying assumptions described in Notes 8 and 10 can materially affect the fair value estimates.

The following summarizes the warrants activity for the nine months ended September 30, 2017:

	Number of Warrants	Weighted Average Exercise Price	Estimated Fair Value
Balance – December 31, 2016			
Issued (note 8(iii)(a))	1,600,445	\$3.00	\$750,476
Issued (note 8(iii)(a))	72,100	\$3.00	133,398
Balance – September 30, 2017	1,672,545	\$3.00	\$883,874

The following summarizes the outstanding warrants for the nine months ended September 30, 2017:

Number of Warrants Outstanding	Exercise Price	Expiry Date
1,672,545	\$3.00	October 19, 2018

11. RELATED PARTY TRANSACTIONS

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

During the nine months ended September 30, 2017:

(i) A total of \$59,325 (2016 - \$nil), plus applicable taxes was charged to the Company by the President on account of management consulting fees. Included in trade and other payables at September 30, 2017 is \$14,125 (December 31, 2016 - \$nil) owing to the President, for unpaid consulting fees. These amounts are unsecured, non-interest bearing and due on demand.

(ii) A total of \$80,088 (2016 - \$45,000), plus applicable taxes was charged to the Company by the CFO on account of management consulting fees. Included in trade and other payables at September 30, 2017 is \$9,160 (December 31, 2016 - \$5,650) owing to the CFO, for unpaid consulting fees and reimbursable expenses. These amounts are unsecured, non-interest bearing and due on demand.

(iii) A total of \$49,631 (2016 - \$45,000) was recorded for directors' fees. Included in trade and other payables at September 30, 2017 is \$15,000 (December 31, 2016 - \$30,000) owing to directors for unpaid directors' fees. These amounts are unsecured, non-interest bearing and due on demand.

(iv) Since January 1, 2013, a management services company has provided certain services to the Company, including office space, investor relations and marketing, administrative and IT services (the "Services"). The management service company is owned by a company controlled by a principal shareholder and director. During the nine months ended September 30, 2017, the Company paid a total of \$201,235 for the Services provided and costs were allocated in the condensed consolidated interim financial statements as follows: \$53,800 to office and general for rent, \$80,500 (for marketing and telecommunications) to investor relations and \$66,935 to professional and administration fees. Included in trade and other payables at September 30, 2017 is \$60,150 (December 31, 2016 - \$163,122) for unpaid service costs. These amounts are unsecured, non-interest bearing and due on demand.

See note 7 – Promissory notes

(v) 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.

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11. RELATED PARTY TRANSACTIONS, Continued

The remuneration of key management and directors of the Company (net of applicable taxes) was as follows:

For the nine months ended September 30,	2017	2016
Management fees (note 11 (i)(ii))	\$139,413	\$45,000
Directors fees (note 11 (iii))	49,631	45,000
Stock-based compensation (note 9(i)(ii))	208,508	19,230
	\$397,552	\$109,230

Other Transactions

See note 4 – Acquisition of EcuSolidus, S.A..

12. SEGMENTED INFORMATION

At September 30, 2017, the Company's operations comprised two operating segments engaged in mineral exploration in Ecuador and Switzerland. Cash of \$1,825,555 (December 31, 2016 - \$834) is held in a Canadian chartered bank, with the balance of \$1,463 (December 31, 2016 - \$3,108) being held in a chartered bank in Switzerland and \$57,923 (December 31, 2016 - \$nil) being held in a chartered bank in Ecuador.

13. COMMITMENTS AND CONTINGENCIES

Environmental Contingencies

The Company's exploration activities are subject to various federal, provincial, municipal and international laws and regulations governing the protection of the environment. These laws and regulations are continually changing and generally becoming more restrictive. 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

Since January 1, 2013 the Company has retained a management services company to provide certain services more particularly described in note 11 (iv), at a monthly cost of \$10,800. On July 1, 2017, the Services agreement for the Services was assigned to a new management services company, also owned by the same principal shareholder and director. The Services provided to the Company have since been expanded and Management is negotiating revised terms for the Services, accordingly. Management expects the amended Services agreement to be finalized no later than year end.

The Company's CEO provides management services to the Company without receiving any compensation other than stock options granted under the Company stock option plan.

The President provides management services to the Company pursuant to a one-year, renewable consulting agreement. The President's annual compensation is \$150,000. Early termination of the agreement requires 90 days' written notice and additional compensation is payable in an amount ranging from three to 24 months of fees, depending on the circumstance.

The Company's CFO provides financial/accounting and corporate secretarial services pursuant to an annual, renewable consulting agreement. The CFO's annual compensation is \$75,000. Early termination of the agreement requires 90 days' written notice and additional compensation is payable in an amount ranging from three to 24 months of fees, depending on the circumstance.

The Company has entered into a consulting agreement (the "CSR Contract") with a professional CSR company to design and implement a CSR program to be run in conjunction with the Project exploration

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13. COMMITMENTS AND CONTINGENCIES, Continued

program. Compensation for services is stipulated at \$1,000 per diem 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 June 14, 2017 the Company entered into an agreement with MPX Inc. for an airborne geophysics program to be undertaken over the 2,080 square kilometre ("Area of Interest") for The Lost Cities – Cutucu Project. The heliborne survey will measure magnetic and radiometric data for the Area of Interest. The Company agreed to pay \$850,000 for the survey and to date the Company has paid a total of \$635,000, leaving an unpaid balance of \$215,000.

14. SUBSEQUENT EVENT

On November 3, 2017, the Company announced that the Board of Directors granted a total of 430,000 stock options to directors, officers, consultants and management services employees and 124,500 restricted stock units to members of the Ecuadorian exploration, community relations and administration team.