



(An exploration stage company)

**MANAGEMENT'S DISCUSSION AND ANALYSIS  
OF AURYN RESOURCES INC.**

**FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2018**

**Dated: November 8, 2018**

# AURYN RESOURCES INC.

Management's Discussion and Analysis of Financial Condition and  
Results of Operations for the Nine Months Ended September 30, 2018  
(In thousands of Canadian dollars, unless otherwise noted)

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## HIGHLIGHTS FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2018 AND THE PERIOD UP TO NOVEMBER 8, 2018

### Corporate highlights

- On August 16, 2018 the Company completed a non-brokered flow-through private placement (the "August 2018 Offering") by issuing 2,084,375 flow-through common shares priced at CAD\$1.60 per flow-through share, 1,215,000 charity flow-through common shares priced at CAD \$1.75 and 1,000,000 charity flow-through shares priced at CAD\$ 1.87 per charity flow-through share (collectively the "August 2018 Flow-Through Shares") for gross proceeds of \$7,331.
- On June 25, 2018, April 26, 2018 and April 17, 2018, the Company announced the expansion of claim holdings at its Sombrero copper and gold project, in Southern Peru. The culmination of two different staking efforts and the signing of an option agreement have increased the Company's Sombrero project to over 100,000 hectares encapsulating areas that produced the highest geochemical responses from a regional scale stream sediment survey conducted in late 2017.
- On March 23, 2018, the Company closed a bought deal offering (the "March 2018 Offering") for gross proceeds of US\$ 7.8 million. A total of 6,015,385 common shares of the Company were sold at a price of US\$1.30 per share. In addition, the Company completed a concurrent private placement financing involving the sale of 1,091,826 flow-through common shares of the Company at a price equal to the Canadian dollar equivalent of US\$1.82 per share, for gross proceeds of US\$2.0 million.

### Operational highlights

- On October 15 and September 26, 2018, the Company released further results from its surface program at the Sombrero gold and copper project located in Southern Peru. Highlights from these results include a trench with 30 meters of 1.93% copper equivalent and grabs samples from within the Ferrobamba limestone of up to 31.6 g/t Au and 5.35% Cu.
- On July 15, 2018, the Company commenced drilling at its Committee Bay gold project located in Nunavut Canada. The Company intends to drill approximately 10,000 meters across several targets including follow up drilling to its 2017 discovery hole at the Aiviq target. Results to be released in November, 2018.
- On June 19, 2018, the Company released results from its on-going surface program at the Sombrero gold and copper project located in Southern Peru. Highlights from these results include trenches with 99 meters of 0.46% copper equivalent and 105 meters of 0.3% copper equivalent, where mineralization remains open, and several high-grade gold structures, which sampled up to 193 g/t gold.
- On April 17, 2018, the Company announced the commencement of surface exploration at its Sombrero gold and copper project located in Southern Peru. The program was initiated through the completion of a long-term access agreement with the Huancasancos Community allowing Auryn to follow-up on the previously recognized surface mineralization and to delineate drill targets on the southern half of the project.
- On April 13, 2018, the Company announced the results from the initial five holes of drilling at its Huilacollo project in the Tacna Province, Peru. The highlight from the program was hole 17HUI-002 which returned an intercept of 62 meters of 0.45 g/t Au (including 22 meters of 0.71g/t Au) 100 meters to the northwest of the previously drilled mineralization on the project.
- On February 6, 2018, the Company announced its preliminary drill plans and staging efforts for its Committee Bay project in Nunavut. During the months of March and April, the Company mobilized fuel and other critical supplies.

< Refer to the page 4 for cautionary wording concerning forward-looking information >

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## 1.1. Date and forward-looking statements

This Management Discussion and Analysis ("MD&A") of Auryn Resources Inc. (the "Company" or "Auryn") has been prepared by management to assist the reader to assess material changes in the condensed consolidated interim financial condition and results of operations of the Company as at September 30, 2018 and for the nine months then ended. This MD&A should be read in conjunction with the condensed consolidated interim financial statements of the Company and related notes thereto as at and for the three and nine months ended September 30, 2018 and 2017. The condensed consolidated interim financial statements have been prepared in accordance with International Accounting Standard ("IAS") 34, "Interim Financial Reporting" using accounting policies consistent with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB") and Interpretations issued by the International Financial Reporting Interpretations Committee ("IFRIC"). The accounting policies followed in these condensed consolidated interim financial statements are the same as those applied in the Company's most recent audited annual consolidated financial statements for the year ended December 31, 2017, except as outlined in note 2 of the September 30, 2018 condensed consolidated interim financial statements. All financial information has been prepared in accordance with International Financial Reporting Standards ("IFRS" or "GAAP") and all dollar amounts presented are Canadian dollars unless otherwise stated.

The effective date of this MD&A is November 8, 2018.

### 1.1.1 Forward-looking statements and risk factors

This MD&A may contain "forward-looking statements" which reflect the Company's current expectations regarding the future results of operations, performance and achievements of the Company, including but not limited to statements with respect to the Company's plans or future financial or operating performance, the estimation of mineral reserves and resources, conclusions of economic assessments of projects, the timing and amount of estimated future production, costs of future production, future capital expenditures, costs and timing of the development of deposits, success of exploration activities, permitting time lines, requirements for additional capital, sources and timing of additional financing, realization of unused tax benefits and future outcome of legal and tax matters.

The Company has tried, wherever possible, to identify these forward-looking statements by, among other things, using words such as "anticipate", "believe", "estimate", "expect", "budget", or variations of such words and phrases or state that certain actions, events or results "may", "could", "would", "might" or "will be taken", "occur" or "be achieved".

The statements reflect the current beliefs of the management of the Company and are based on currently available information. Accordingly, these statements are subject to known and unknown risks, uncertainties and other factors, which could cause the actual results, performance, or achievements of the Company to differ materially from those expressed in, or implied by, these statements. These uncertainties are factors that include but are not limited to risks related to international operations; risks related to general economic conditions; actual results of current exploration activities and unanticipated reclamation expenses; fluctuations in prices of gold and other commodities; fluctuations in foreign currency exchange rates; increases in market prices of mining consumables; possible variations in mineral resources, grade or recovery rates; accidents, labour disputes, title disputes, claims and limitations on insurance coverage and other risks of the mining industry; delays in obtaining governmental approvals or financing or in the completion of development or construction activities; changes in national and local government regulation of mining operations, tax rules and regulations, and political and economic developments in countries in which the Company operates; as well as other factors. Additional information relating to the Company and its operations is available on SEDAR at [www.sedar.com](http://www.sedar.com) and on the Company's web site at [www.aurynresources.com](http://www.aurynresources.com).

The Company's management periodically reviews information reflected in forward-looking statements. The Company has and continues to disclose in its MD&A and other publicly filed documents, changes to material factors or assumptions underlying the forward-looking statements and to the validity of the statements themselves, in the period the changes occur. Historical results of operations and trends that may be inferred from the following discussions and analysis may not necessarily indicate future results from operations.

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## 1.1.1 Forward-looking statements and risk factors (continued)

The operations of the Company are speculative due to the high-risk nature of its business which is the exploration of mining properties. For a comprehensive list of the risks and uncertainties facing the Company, please see "Risk Factors" in the Company's most recent annual information form. These are not the only risks and uncertainties that Auryn faces. Additional risks and uncertainties not presently known to the Company or that the Company currently considers immaterial may also impair its business operations. These risk factors could materially affect the Company's future operating results and could cause actual events to differ materially from those described in forward-looking statements relating to the Company. Readers should refer to the risks discussed in the Company's Annual Information Form and MD&A for the year ended December 31, 2017 and subsequent continuous disclosure filings with the Canadian Securities Administrators available at [www.sedar.com](http://www.sedar.com) and the Company's registration statement on Form 40-F filed with the United States Securities and Exchange Commission and available at [www.sec.gov](http://www.sec.gov). These documents are for information purposes only and not incorporated by reference in this MD&A.

## 1.2.1 Description of business

Auryn is an exploration company focused on the acquisition, exploration and development of mineral resource properties. Auryn's principal mineral properties are the Committee Bay gold project located in Nunavut, Canada and the Homestake Ridge Project located within the Iskut-Stewart-Kitsault belt, in northwestern British Columbia. The Company also holds a substantial project portfolio in Peru.

The Company was incorporated under the British Columbia Business Corporations Act on June 9, 2008 under the name Georgetown Capital Corp. Subsequently on October 15, 2013, the Company changed its name to Auryn Resources Inc. and is a reporting issuer in the provinces of British Columbia, Ontario and Alberta. The Company is listed on the Toronto Stock Exchange under the symbol AUG and effective July 17, 2017, the Company's common shares commenced trading on the NYSE American under the US symbol AUG.

The Company's principal business activities include the acquisition, exploration and development of resource properties. The head office and principal address of the Company are located at 1199 West Hastings Street, Suite 600, Vancouver, British Columbia, V6E 3T5.

## 1.2.2 Committee Bay and Gibson MacQuoid projects

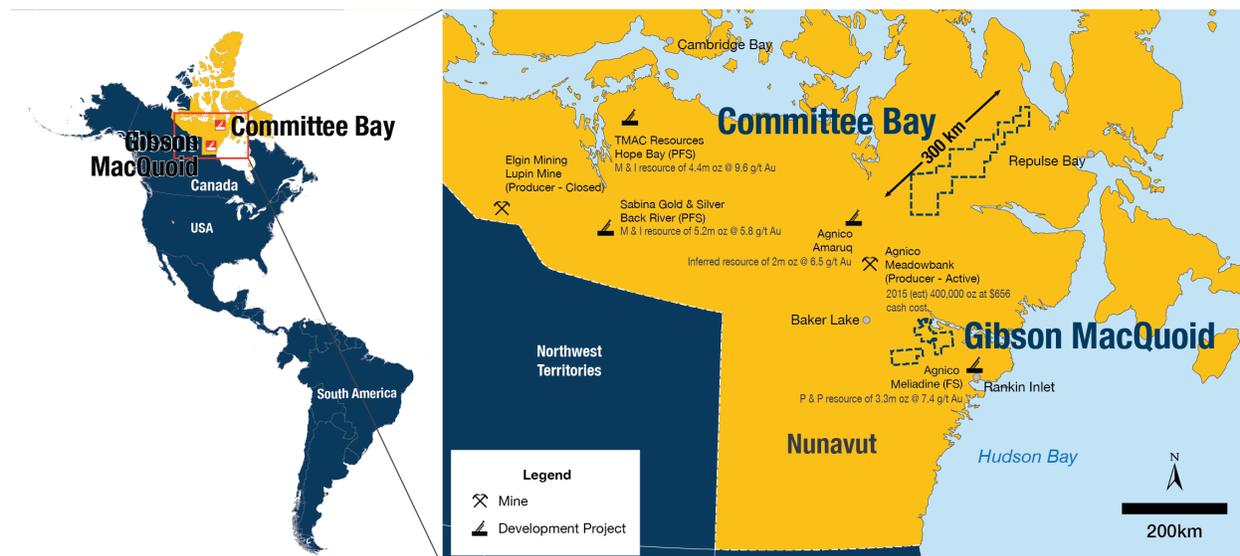


Figure 1 – regional map showing the locations of the Committee Bay and Gibson MacQuoid projects

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### 1.2.2 Committee Bay and Gibson MacQuoid projects (continued)

The Committee Bay Project is comprised of more than 380,000 hectares situated along the Committee Bay Greenstone Belt approximately 180 km northeast of the Meadowbank mine operated by Agnico Eagle Mines Limited and extends more than 300 km northeast.

The Committee Bay belt comprises one of a number of Archean aged greenstone belts occurring within the larger Western Churchill province of north-eastern Canada. The character and history of rock packages, and the timing and nature of mineralization occurring within the belt is considered to be equivalent to that of other significant gold bearing Archean greenstones within the Western Churchill Province, which hosts deposits such as Meadowbank, Meliadine and the newly discovered Amuraq.

#### Ownership

The Committee Bay project is held 100% by Auryn subject to a 1% Net Smelter Royalty ("NSR") on the entire project and an additional 1.5% NSR on a small portion of the project. The 1.5% NSR is payable on only 7,596 hectares and is buyable within two years of the commencement of commercial production for \$2.0 million for each one-third (0.5%) of the NSR.

#### Mineral resources

High-grade gold occurrences are found throughout the 300 km strike length with the most advanced being the Three Bluffs deposit that contains the mineral resource as listed in the table below: \*(refer to NI43-101 report dated May 31, 2017 as amended October 23, 2017 filed under Auryn's profile at [www.sedar.com](http://www.sedar.com)).

Class		Cut off grade (g/t Au)	Tonnes (t)	Gold grade (g/t Au)	Contained Au (oz)
<b>May 31, 2017 Resource</b>					
<b>Indicated</b>	Near Surface	3.0	1,760,000	7.72	437,000
	Underground	4.0	310,000	8.57	86,000
			<b>2,070,000</b>	<b>7.85</b>	<b>524,000</b>
<b>Inferred</b>	Near Surface	3.0	590,000	7.56	144,000
	Underground	4.0	2,340,000	7.65	576,000
			<b>2,930,000</b>	<b>7.64</b>	<b>720,000</b>

Table 1: Three Bluffs indicated and inferred resource. See section 1.2.6 for cautionary language concerning mineral resources.

The Three Bluffs deposit remains open along strike and at depth. Future programs will aim to significantly expand upon the current resource.

#### 2018 Exploration Results

On July 15, 2018, the Company commenced its summer drill program and as of November 8, 2018, completed approximately 9,200 meters of drilling. The drill program is based primarily on gold assays from the high resolution tills, boulder mapping, and previous drill intercepts from its 2016 and 2017 programs.

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### **1.2.2 Committee Bay and Gibson MacQuoid projects (continued)**

Results from the 2018 exploration and drill program is anticipated to be released in November 2018.

#### **Gibson MacQuoid**

The Gibson MacQuoid project is an early stage gold exploration project situated between the Meliadine deposit and Meadowbank mine in Nunavut, Canada. The 19 prospecting permits and 57 mineral claims that make up the project encompass approximately 120 km of strike length of the prospective greenstone belt and total 375,000 hectares collectively.

The Gibson MacQuoid Greenstone belt is one of a number of Archean aged greenstone belts located in the Western Churchill province of north-eastern Canada. These gold bearing Archean greenstone belts host deposits such as the Meadowbank, Amaruq, and Meliadine deposits. In particular, the highly magnetic signature of the Gibson MacQuoid Belt is consistent with the other productive greenstone belts in the eastern Arctic that host large-scale gold deposits.

#### **2018 Exploration Plans**

During the year ended December 31, 2017, the Company conducted a belt wide geochemical survey at Gibson MacQuoid. The survey was completed in mid-October 2017 and identified 8 high priority gold-in-till anomalies detailed below. The 2018 exploration program will focus on delineating this anomaly into distinct drill-ready gold prospects.

As of the date of this MD&A, the Company had completed its summer program which included approximately 3,000 tightly spaced till samples and 193 rocks samples taken from boulders and exposed outcrop. The results from this work are still being shipped from the arctic and in process at ALS laboratory. The Company anticipates publishing the results in Q4 of 2018.

### **1.2.3 Peruvian exploration projects**

#### **Sombrero gold-copper project**

The Sombrero Project lies within the north-western most projections of the Andahuaylas-Yauri Belt of southern Peru, an emerging and increasingly important porphyry copper and skarn belt. The belt strikes NW-SE and can be traced for more than 300 kilometers of strike length hosting important copper-gold-molybdenum deposits at Las Bambas, Haqira, Los Chancas, Cotambambas, Antapacay, Tintaya and Constancia, and is probably a northern extension of the copper-rich belt of the same Eocene-Oligocene age that strikes broadly N-S in Chile.

The current project consists of over 100,000 hectares of mineral claims defined by coincident gold and copper geochemical anomalies. The most explored area of the project was acquired through an option agreement the Company entered into in 2016 with Alturas Minerals Corp. Under the terms of this option, the Company may earn a 100% interest in the 6 mineral claims by completing US\$2.1 million in work expenditures within a five-year period and by making a final payment of US\$5.0 million. As at September 30, 2018, the Company has satisfied the cash payment requirements of the option and has incurred approximately US\$1.0 million in exploration work on the project.

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## 1.2.3 Peruvian exploration projects (continued)

Additionally, on June 22, 2018, the Company acquired the rights to the Mollecruz concessions. Under the terms of an option agreement dated June 22, 2018, the Company may acquire a 100% interest in the Mollecruz concessions by completing US\$3,000,000 in work expenditures and by making payments totaling US\$1,600,000 to the underlying owner over a five year period. At signing, Aurnyn paid US\$50,000 and upon exercise of the option, the underlying owner will retain 0.5% NSR royalty with an advance annual royalty payment of US\$50,000.

### 2018 Exploration

Throughout 2018, the Company has been aggressively conducting surface geochemistry and geophysical surveys across the southern portions of Sombrero Main. Work conducted to date included 2,400m of trench samples, 650 rock samples, 250 soil samples and over 11,000 XRF samples as well as 87 line-km of IP and 282 line-km of Mag. This work has led to the identification of Sombrero as a significant copper-gold skarn system which contains porphyry, epithermal and skarn type mineralization.

The primary area of focus for the initial rounds of work has been a 3.5km long contact zone between the Ferrobamba limestone and an Intrusive body surrounded by high-grade copper and gold mineralization. Aurnyn is in the process of filing permits (See figure 2) for an initial Q2, 2019 drill program to test for potential skarn mineralization beneath the volcanic cover.

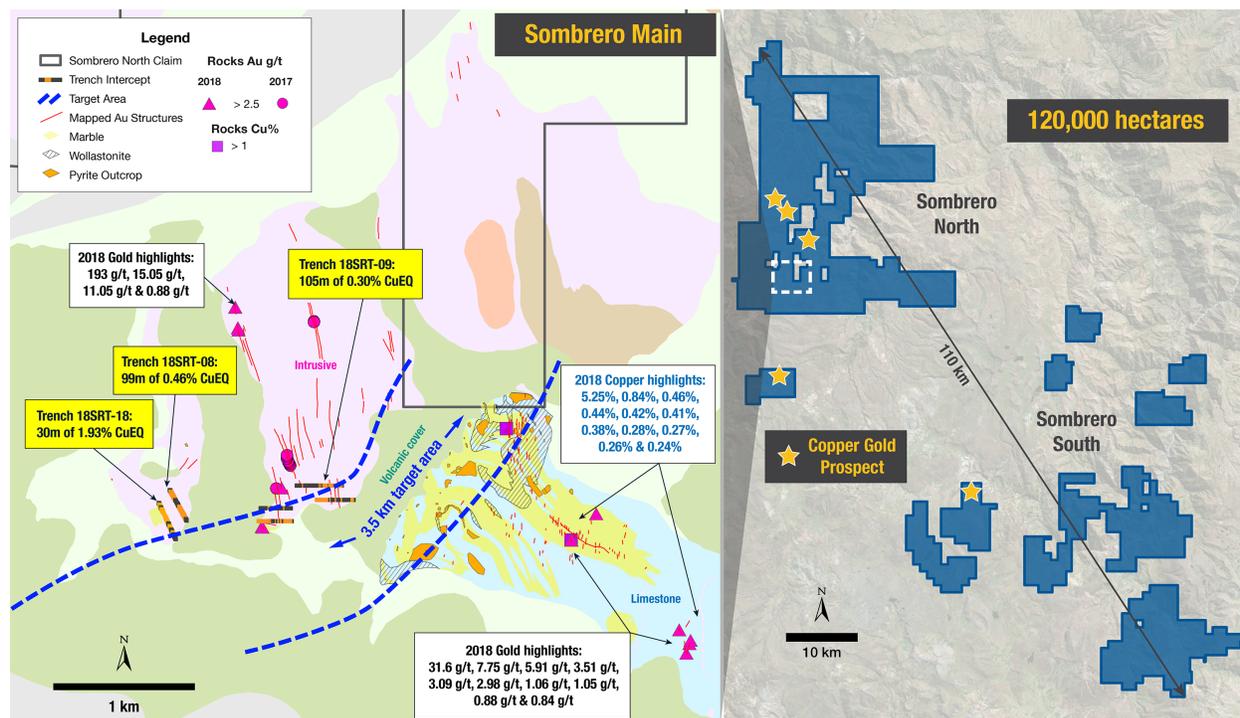


Figure 2 – regional map showing the locations of the Committee Bay and Gibson MacQuoid projects

Peripheral to Sombrero Main, the Company has identified additional copper-gold prospects which warrant significant geological follow-up. Specifically, the Goodluck prospect contained within the Mollecruz concessions represent a outcropping copper-gold skarn system exposed over 600 meter with samples taken with up to 5.12 g/t Au and 4.29% Cu.

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### **1.2.3 Peruvian exploration projects (continued)**

See the press releases dated June 19, September 5, September 26 and October 15, 2018 for complete results from the Company's geophysical and geochemical surface programs at Sombrero.

Throughout the remainder of 2018, the Company will continue to explore the greater land position following up on its high priority prospects while pursuing a permit for an initial 2019 drill campaign.

#### **Huilacollo**

The Huilacollo epithermal property is comprised of 2,000 hectares of intense hydrothermal alteration that is consistent with epithermal Au/Ag mineralization over a 4 by 6 km area located in the Tacna province of southern Peru. Historic drilling has resulted in the identification of a continuously mineralized gold/silver zone open in all directions. Contained within this area, there appears to be higher grade mineralization focused along well-defined feeder structures as highlighted by trench intercepts up to 38m at 6.7 g/t Au and drill holes including 34m @ 2.14 g/t. The Company acquired the rights to Huilacollo through an option agreement with a local Peruvian company, Inversiones Sol S.A.C., under which the Company may acquire a 100% interest, subject to an NSR, through a combination of work expenditures and cash payments totaling US\$7,000,000 and US\$8,750,000 respectively.

#### 2017/2018 Drill Program and Exploration

On April 13, 2018, the Company announced the results from the initial five holes of drilling at its Huilacollo project in the Tacna Province, Peru. The highlight from the program was hole 17HUI-002 which returned an intercept of 62 meters of 0.45 g/t Au (including 22 meters of 0.71g/t Au) 100 meters to the northwest of the previously drilled mineralization on the project. Further drilling will expand upon this step out and target the surface mineralization discovered on the Tacora concession at depth (See the Company press release dated June 1, 2018 for results from Trenching at Tacora).

#### **Baños del Indio**

The Baños del Indio epithermal property is comprised of 5,000 hectares of well-developed high-level steam heated epithermal style alteration and is considered by Aurnyn to be one of the largest untested epithermal alteration centers in Peru. Baños del Indio is held through an option where the Company may acquire a 100% interest, subject to a 3.0% NSR, through a combination of work expenditures and cash payments.

Effective September 4, 2018, the Company declared the existence of a force majeure event under the Baños del Indio option thereby deferring the Company's obligation to make the September 22, 2018 property payment and any subsequent property payments and work expenditures. Despite the Company acting in good faith in its negotiations with the community, the Company was unable to reach an access agreement in order to initiate its exploration program on the Baños properties.

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### 1.2.4 Homestake Ridge project

The Homestake Ridge project is located in the Kitsault Mineral district in north-western British Columbia and covers approximately 7,500 hectares. The project is host to a high-grade underground gold, silver, copper, lead resource which remains open at depth and along strike in several zones.

	Tonnage (Mt)	Gold (g/t)	Gold (oz)	Silver (g/t)	Silver (Moz)	Copper (%)	Copper (Mlb)
<b>Indicated</b>	<b>0.624</b>	<b>6.25</b>	<b>125,000</b>	<b>47.9</b>	<b>1.0</b>	<b>0.18</b>	<b>2.4</b>
<b>Inferred</b>	<b>7.245</b>	<b>4.00</b>	<b>932,000</b>	<b>90.9</b>	<b>21.2</b>	<b>0.11</b>	<b>16.9</b>

Table 2: Combined Main Homestake, Homestake Silver and South Reef Resources at a 2 g/t AuEq cut-offs. See section 1.2.6 for cautionary language concerning mineral resources and refer to technical report dated September 29, 2017 as amended October 23, 2017 filed under the Company's SEDAR profile at [www.sedar.com](http://www.sedar.com).

### 2018 Exploration

Commencing August 7th, 2018, Auryn conducted a summer 2,500m drill program at Homestake Ridge to target gold mineralization along strike of the existing South Reef deposit. The program was designed to target the down plunge extension known resource along the bottom of a graben, which defines the mineralized corridor. The drill program tested approximately 500 meters of strike extension along a one-kilometer gold-in-soils anomaly and targeted multiple mineralized structures within the graben.

The Company is currently awaiting results to be processed by ALS labs and expect to release in November 2018.

### 1.2.5 Qualified persons and technical disclosures

Michael Henrichsen, P. Geo., Chief Operating Officer of Auryn, is the Qualified Person with respect to the technical disclosures in this MD&A.

Trenches 2018 (Sombrero, Peru) - Analytical samples were taken from each 1 meter interval of trench floor resulting in approximately 2-3kg of rock chips material per sample. Collected samples were sent to ALS Lab in Lima, Peru for preparation and analysis. All samples are assayed using 30g nominal weight fire assay with atomic absorption finish (Au-AA25) and multi-element four acid digest ICP-AES/ICP-MS method (ME-MS61). Where MS61 results were greater or near 10,000 ppm Cu, Zn or Pb the assays were repeated with ore grade four acid digest method (OG62). QA/QC programs for 2016 trench grab samples using internal standard and blank samples; field and lab duplicates indicate good overall accuracy and precision.

Intervals were calculated using a minimum of a 0.1% Cu cut-off at beginning and end of the interval and allowing for no more than five consecutive samples (five meters) of less than 0.1% Cu with a minimum length of the resulting composite of 5m. Copper and gold equivalent grades (CuEq and AuEq) were calculated using gold price of \$1300/oz and copper price of \$3.28/lb.

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### 1.2.5 Qualified persons and technical disclosures (continued)

#### **Cautionary Note to United States Investors concerning Estimates of Measured, Indicated and Inferred Resource Estimates**

This disclosure has been prepared in accordance with the requirements of Canadian provincial securities laws which differ from the requirements of U.S. securities laws. Unless otherwise indicated, all mineral resource estimates included in this disclosure have been prepared in accordance with Canadian National Instrument 43-101 Standards of Disclosure for Mineral Projects ("NI 43-101") and the Canadian Institute of Mining, Metallurgy and Petroleum classification systems. NI 43-101 is a rule developed by the Canadian Securities Administrators that establishes standards for all public disclosure an issuer makes of scientific and technical information concerning mineral projects. These standards differ significantly from the requirements of the United States Securities and Exchange Commission (the "SEC"), and resource estimates disclosed may not be comparable to similar information disclosed by U.S. companies.

In addition, this disclosure uses the terms "measured and indicated resources" and "inferred resources" to comply with the reporting standards in Canada. The Company advises United States investors that while those terms are recognized and required by Canadian regulations, the SEC does not recognize them. United States investors are cautioned not to assume that any part of the mineral deposits in these categories will ever be converted into mineral reserves. Further, "inferred resources" have a great amount of uncertainty as to their existence and as to whether they can be mined legally or economically. Therefore, United States investors are cautioned not to assume that all or any part of the "inferred resources" exist. In accordance with Canadian securities laws, estimates of "inferred resources" cannot form the basis of feasibility or other economic studies. It cannot be assumed that all or any part of "measured and indicated resources" or "inferred resources" will ever be upgraded to a higher category or are economically or legally mineable.

Three Bluffs resource estimations were completed by Roscoe Postle Associates Inc. ("RPA") (see the Technical Report on the Three Bluffs Project, Nunavut Territory, Canada filed on the SEDAR on May 31, 2017 as amended October 23, 2017).

The Homestake Ridge resource estimate was prepared by RPA (see Technical Report on the Homestake Ridge Project, Skeena Mining Division, Northwestern British Columbia, September 29, 2017 as amended October 23, 2017 filed under the Company's SEDAR profile at [www.sedar.com](http://www.sedar.com)).

**Peruvian interests within a special economic zone** - Aurnyn holds its interests in Peru through Corisur Peru SAC, which controls (among other) certain licenses (including the Huilacollo and Baños del Indio projects) that are located within a special legal zone which runs 50km back from the Peruvian border. As a non-Peruvian company, Aurnyn's right to ultimately acquire title over the shares issued by Corisur Peru SAC and to own and/or exploit these licenses requires approval from the Peruvian government. While Aurnyn is in the process of submitting its applications and does not foresee any legal reason why it would be denied the approval, some risk of denial or delay should be assumed to exist.

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### 1.3 Selected annual financial information

	Twelve Months December 31, 2017 (Restated)	Twelve Months December 31, 2016 (Restated)	Six Months December 31, 2015 (Restated)	Twelve Months June 30, 2015 (Restated)
Comprehensive loss for the period	\$ 36,578	\$ 20,539	\$ 7,012	\$ 3,403
Net loss for the period	\$ 36,500	\$ 20,376	\$ 6,490	\$ 3,925
Basic and diluted loss per share	\$ 0.47	\$ 0.35	\$ 0.16	\$ 0.16
Total assets	\$ 43,759	\$ 41,747	\$ 24,399	\$ 6,795
Total long-term liabilities	\$ 1,662	\$ 1,747	\$ 1,100	\$ -

The Company generated no revenues from operations during the above periods.

### 1.4 Discussion of operations

Three months ended September 30, 2018 and 2017 (Q3 2018 vs. Restated Q3 2017)

During the three months ended September 30, 2018, the Company reported a net loss of \$7,488 and loss per share of \$0.08 compared to net loss of \$18,373 and loss per share of \$0.24 for the same period in 2017. The \$10,885 decrease in net loss in the current quarter is driven by a \$12,393 decrease in the exploration and evaluation costs, offset by a \$1,523 decrease in the amortization of the flow through liability premium. Significant variances within operating expenses and other expenses are discussed as follows:

#### Operating expenses

- (1) Exploration and evaluation costs in Q3 2018 were \$7,821 compared to \$20,214 in Q3 2017, a decrease of \$12,393, due to the following:
  - a. Committee Bay and Gibson MacQuoid decrease of \$8,483 – During Q3 of the prior year, the Company completed its 30,000 meter regional drill program at the Committee Bay project compared to the much smaller-scale 9,200 meter drill campaign completed in the current period. Prior year costs also included the purchase and mobilization of 4,000 drums of fuel to its storage facility in Baker Lake, whereas no such fuel purchase was made in Q3 2018.
  - b. Homestake decrease of \$3,454 – During Q3 2018 the Company completed 2,500 meters of drilling at Homestake compared to 14,800 in the same quarter of the prior year. The small scale of the exploration program
  - c. Peru decrease of \$456 – The decrease in costs relates to the Company's focus on its Sombrero project where it is conducting surface exploration and perusing its initial drill permit. During Q3 2017, the Company had active exploration on going at both Sombrero and Huilacollo including the operation of its remote camp in preparation of the Q1, 2018 Huilacollo drill program.
- (2) Office and administration costs decreased quarter over quarter due to an effort to reduce the overall general and administration burn rate of the Company.

#### Other expenses and income:

- (3) During the three months ended September 30, 2018, the Company recorded other income of \$1,621 related to the amortization of the flow-through share premium liability compared to \$3,144 for the three months ended September 30, 2017. The amortization of the liability is driven by the amount of flow-through eligible Canadian exploration and evaluation expenditures incurred in the period which for the current quarter was \$6,769 compared to \$11,760 for the same period in the previous year.

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### 1.4 Discussion of operations (continued)

#### Nine months ended September 30, 2018 and 2017 (YTD 2018 vs. Restated YTD 2017)

During the nine months ended September 30, 2018, the Company reported a net loss of \$15,323 and loss per share of \$0.18 compared to a net loss of \$31,793 and loss per share of \$0.42 for the same period in 2017. The \$16,470 decrease in net loss in the current period is driven by a \$19,052 decrease in the exploration and evaluation costs, a \$871 decrease in the fees, salaries and other employee benefits, and a \$143 decrease in office and administration costs, offset by a \$3,416 decrease in the amortization of the flow through liability premium. Significant variances within operating expenses and other expenses are discussed as follows:

#### Operating expenses

- (1) Exploration and evaluation costs for the nine months ended September 30, 2018 were \$13,384 compared to \$32,436 in prior year period, a decrease of \$19,052, due to the following:
  - a. Committee Bay and Gibson MacQuoid decrease of \$14,928 – As noted above in the quarterly comparisons, the 2017 Committee Bay drill campaign was a larger scale program completing more than three times the amount of drilling that was completed in the more focused 2018 program.
- (2) Fees, salaries and other employee benefits, which includes share-based compensation, decreased by \$871 for the nine months ended September 30, 2018 compared to the prior year. The decrease is attributable in part to several executive salary reductions and lower bonuses paid in the current year as a result of difficult market conditions. Additionally, the current period share-based compensation is lower as various prior year grants were fully vested prior to the start of 2018 and those options that were granted in Q2 2018 had a lower fair value because of the drop in the Company's share price.
- (3) Office and administration costs were decreased to reduce the overall general and administration burn rate of the Company.

#### Other expenses and income:

- (4) During the nine months ended September 30, 2018, the Company recorded other income of \$2,236 related to the amortization of the flow-through share premium liability compared to \$5,652 for the nine months ended September 30, 2017. The amortization of the liability is driven by the amount of flow-through eligible Canadian exploration and evaluation expenditures incurred in the period which for the current period was \$8,927 compared to \$21,138 for the same period in the previous year.

#### Summary of Project Costs

During the nine months ended September 30, 2018, the Company spent \$1.1 million in mineral property acquisition costs and \$13.4 million in exploration and evaluation costs on its projects as outlined below:

	<b>Committee Bay &amp; Gibson MacQuoid</b>	<b>Homestake Ridge</b>	<b>Peru</b>	<b>Total</b>
<b>Acquisition costs</b>				
Balance as at December 31, 2017	\$ 18,681	\$ 16,060	\$ 2,517	\$ 37,258
Additions	-	-	1,104	1,104
Change in estimate of provision for site reclamation and closure	190	-	-	190
Currency translation adjustment	-	-	67	67
<b>Balance September 30, 2018</b>	<b>\$ 18,871</b>	<b>\$ 16,060</b>	<b>\$ 3,688</b>	<b>\$ 38,619</b>

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### 1.4 Discussion of operations (continued)

	Committee Bay & Gibson MacQuoid	Homestake Ridge	Peru	Total
<b>Exploration and evaluation costs</b>				
Assaying	\$ 605	\$ 94	\$ 145	\$ 844
Exploration drilling	1,252	390	307	1,949
Camp cost, equipment and field supplies	706	258	709	1,673
Geological consulting services	444	192	802	1,438
Geophysical analysis	-	-	212	212
Permitting, environmental and community costs	247	62	776	1,085
Expediting and mobilization	222	96	27	345
Salaries and wages	1,337	296	275	1,908
Fuel and consumables	104	66	15	185
Aircraft and travel	2,889	464	98	3,451
Stock based compensation	119	36	139	294
<b>Exploration and evaluation costs for the nine months ended September 30, 2018</b>	<b>\$ 7,925</b>	<b>\$ 1,951</b>	<b>\$ 3,505</b>	<b>\$ 13,384</b>

#### Future operations and 2018 expenditure forecast

The Company's business objectives for the next twelve to eighteen months will include the continued exploration of the Committee Bay and Homestake Ridge projects and its portfolio of earlier stage projects in Peru.

During fiscal 2018, the Company anticipates expending approximately \$15 million on its mineral properties to complete the following programs by December 31, 2018:

- At the Committee Bay Project, programs included follow-up drilling at the Aiviq prospect and testing of some near by till anomalies (9,000 meters of drilling – Completed in August 2018).
- At the Homestake Ridge Project, the Company conducted a follow up drill program on the mineralization intercepted at the South Reef deposit during its 2017 campaign (2500 meters of drilling – Completed in September 2018)
- At Sombrero in Peru, Aurn completed the first round of extensive geochemical and geophysical exploration across the project. With strong line of geological evidence, the Company is now pursuing its initial drill permit which it anticipates receiving by Q2, 2019.
- Additional exploration was also conducted at Gibson MacQuoid and Huilacollo. The results from the Gibson MacQuoid in-fill till and rock sampling program will be released in Q4, 2018.

For 2019, the Company will continue to develop and explore its mineral exploration portfolio with an enhanced focus on the quickly advancing Sombrero major copper-gold skarn project. An initial drill program targeting the Ferrobamba limestone to intrusive contact zone will likely commence in Q2, 2019. Programs at Committee Bay and Homestake will be established in Q1, 2019 once the remainder of the technical information has been received and evaluated.

Additionally, the Company continues to review its portfolio of projects to ensure the right balance of development stage and exploration opportunities. This review may result in new accretive acquisitions or dispositions of existing assets to create self funding opportunities.

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### 1.5 Summary of quarterly results

Three months ended	Interest income	Net loss	Comprehensive loss	Loss per share
In thousands of Canadian dollars except per share amounts				
	\$	\$	\$	\$
September 30, 2018	31	7,488	7,545	0.08
June 30, 2018	34	4,372	4,281	0.05
March 31, 2018	12	3,463	3,397	0.04
December 31, 2017 <sup>1</sup>	39	13,170	13,179	0.17
September 30, 2017 <sup>1</sup>	67	18,374	18,422	0.24
June 30, 2017 <sup>1</sup>	78	9,348	9,368	0.12
March 31, 2017 <sup>1</sup>	64	4,072	4,073	0.05
December 31, 2016 <sup>1</sup>	12	4,121	4,098	0.06

<sup>1</sup> Restated for change in accounting policy (see section 1.13)

During the last eight quarters, the Company's net loss has ranged between \$18,374 and \$3,463. The Company's expenditures have generally increased during this period as the Company has progressed from project investigation and acquisition to exploration and evaluation. The reason for the decrease in loss in the current quarter compared to the same quarter in the prior year, is due to the size of the Company's Committee Bay and Homestake drill programs in 2017 in relation to the current year programs that were smaller in scale.

### 1.6/1.7 Financial position and liquidity and capital resources

	September 30, 2018	December 31, 2017 (Restated)
	\$	\$
Cash and restricted cash	5,308	2,589
Mineral property interests	38,619	37,258
Current liabilities	2,991	1,238
Non-current liabilities	1,880	1,662

As at September 30, 2018, the Company had unrestricted cash of \$ 5.2 million (December 31, 2017 - \$2.5 million) and working capital (excluding the flow-through premium liability) of \$4.2 million (December 31, 2017 - \$3.7 million). Current liabilities that are to be settled in cash as at September 30, 2018 include accounts payable and accrued liabilities of \$2.6 million, which have primarily been incurred in connection with the summer programs at the Company's Committee Bay, Gibson MacQuoid and Homestake Ridge projects and corporate costs related to keeping the Company's public listings in good standing.

During the three and nine months ended September 30, 2018, the Company used net cash of \$7.3 million and \$14.4 million, respectively, in operating activities compared to \$12.9 million and \$28.3 million during the comparative periods in the prior year.

Cash used in investing activities during the three and nine months ended September 30, 2018 was \$0.1 million and 1.2 million, respectively, while cash used in investing activities was \$1.0 million in both 2017 comparable periods.

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### 1.6/1.7 Financial position and liquidity and capital resources (continued)

During the three and nine months ended September 30, 2018, the Company generated net proceeds of \$6.9 million and \$18.3 million, respectively, from financing activities through the issuance of common shares compared to \$2.6 million and \$42.4 million, respectively, in the previous year's periods.

The Company's current working capital provides sufficient capital for the Company to meet its immediate liquidity requirements as well as the planned exploration programs on its mineral interest properties for the next 12 months. If market conditions warrant, the Company may raise additional capital to expand its exploration programs.

#### August 2018 Flow-Through Funding

On July 30, 2018 the Company announced that it had arranged a \$4.6 million non-brokered flow-through private placement. On August 16, 2018 the Company announced that it had increased and closed its previously announced non-brokered flow-through private placement for \$4.6 million to gross proceeds of \$7.3 million. The placement consisted of approximately 2.1 million flow-through common shares priced at CAD\$1.60 per flow-through share and approximately 2.2 million charity flow-through shares priced at an average of CAD\$ 1.80 per charity flow-through share. Goldcorp Inc. maintained its pro-rata interest in Auryn (approximately 12.4%) by acquiring 490,000 common shares from the purchasers of the charity flow-through shares.

Share issue costs related to the August 2018 Flow-Through Funding totalled \$400, which included \$350 in commissions, and \$50 in other issuance costs. The gross proceeds from the 2018 Offering were also offset by \$1,742, an amount related to the flow-through share premium liability. A reconciliation of the impact of the August 2018 Flow-Through Funding on share capital is as follows:

	<b>Number of common shares</b>	<b>Impact on share capital</b>
Flow-through shares issued at \$1.60 per share	2,084,375	\$ 3,335
Flow-through shares issued at \$1.75 per share	1,215,000	2,126
Flow-through shares issued at \$1.87 per share	1,000,000	1,870
Cash share issue costs	-	(400)
Proceeds net of share issue costs	4,299,375	6,931
Flow-through share premium liability	-	(1,742)
	4,299,375	\$ 5,189

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### 1.6/1.7 Financial position and liquidity and capital resources (continued)

A summary of the intended use of the gross cash proceeds of \$7.3 million is presented in the table below. Due to the fact that only flow-through funds were raised in the August 2018 Offering, funds from the March 2018 Offering were used to cover the cash share issuance costs of \$400.

	Use of Proceeds: Proposed 12 Month Budget	Intended Use of Proceeds of the August 2018 Offering	Actual activities	Actual Use of Proceeds of the Offering to September 30, 2018	(Over)/under expenditure
Committee Bay & Gibson MacQuoid	Flow-through eligible - 2018 drill and exploration program	\$5,461	- 2018 flow through E&E	\$4,597	\$864
Homestake	Flow-through eligible - 2018 drill and exploration program	1,870	- 2018 flow through E&E	1,075	795
	<b>Total</b>	<b>\$7,331</b>		<b>\$5,672</b>	<b>\$1,659</b>
Explanation of variances and the impact of variances on the ability of the Company to achieve its business objectives and milestones.			The Company completed 9,200 meters of drilling at its Committee Bay project, (budgeted 10,000 meters), 3,000 till samples sampling program at Gibson MacQuoid (budgeted 3,600) and 2,500 meters of drilling at Homestake Ridge (budgeted 3,000). Remaining flow-through funds will be used in 2019 programs.		

#### March 2018 Offering

On March 23, 2018 the Company closed the "2018 Offering" by issuing a total of 6,015,385 common shares of the Company at a price of US\$1.30 per share for gross proceeds of US\$7.8 million. The 2018 Offering was completed pursuant to an underwriting agreement dated March 13, 2018 among the Company and Cantor Fitzgerald Canada Corporation and a syndicate of underwriters. The Company paid a 6% commission to the Underwriters.

In addition, the Company completed a concurrent private placement financing involving the sale of 1,091,826 flow-through common shares of the Company (the "2018 Flow-Through Shares") at a price equal to the Canadian dollar equivalent of US\$1.82 per share, for gross proceeds of US\$2.0 million. The 2018 Flow-Through Shares formed part of a donation arrangement and were ultimately purchased by Goldcorp Inc. ("Goldcorp") and enabled Goldcorp to maintain its 12.5% interest in the Company. The proceeds from the sale of the 2018 Flow-Through Shares will be used exclusively for exploration on the Company's Committee Bay project.

A reconciliation of the impact of the 2018 Offering on share capital is as follows:

	Number of common shares	Impact on share capital
Common shares issued at US\$1.30 per share	6,015,385	\$ 10,054
Flow-through shares issued at US\$1.82 per share	1,091,826	2,561
Cash share issue costs	-	(1,335)
Proceeds net of share issue costs	7,107,211	11,280
Flow-through share premium liability	-	(737)
	7,107,211	\$ 10,543

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### 1.6/1.7 Financial position and liquidity and capital resources (continued)

A summary of the intended use of the net cash proceeds of \$11.3 million is presented as follows:

	Use of Proceeds: Proposed 12 Month Budget	Intended Use of Proceeds of the 2018 Offering	Actual activities (March 23-September 30, 2018)	Actual Use of Proceeds of the Offering to September 30, 2018	(Over)/under expenditure
Committee Bay & Gibson MacQuoid	Flow-through eligible funds - 2018 drill and exploration programs	\$ 2,561	- flow through E&E	\$ 2,561	\$ 0
	Non-flow -through funds - Technical studies, permitting and other non-flow-through eligible exploration costs to be incurred in connection with its 2018 exploration program	1,928	- other E&E	134	1,794
Homestake	Non-flow -through funds - Technical studies, permitting and other non-flow-through eligible exploration costs to be incurred in connection with its 2018 exploration program	1,286	- other E&E	65	1,221
Peru	Non-flow -through funds - Exploration expenditures in Peru including the continuation of the Company's drill program at the Huilacollo project and initial surface work at it Sombrero project	2,571	- Acquisition costs  - E&E	1,082  2,197	(708)
Other	General working capital	2,934		1,707	1,227
	<b>Total</b>	<b>\$ 11,280</b>		<b>\$ 7,746</b>	<b>\$ 3,534</b>
Explanation of variances and the impact of variances on the ability of the Company to achieve its business objectives and milestones.			The financing was completed on March 23, 2018 and \$7.7 in funds have been used since then which included both flow-through funds expended on the Committee Bay mobilization as well as non-flow through funds spent on mineral property acquisitions and exploration in Peru.		

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### 1.6/1.7 Financial position and liquidity and capital resources (continued)

#### January 2017 Offering

On January 24, 2017, the Company closed a brokered equity offering for gross proceeds of \$41.2 million (the "January Offering"). Under the terms of the January Offering, the Company issued an aggregate of 4,590,818 flow-through shares at a price of \$5.01 per flow-through share and 4,951,584 common shares at a price of \$3.67 per common share. Share issue costs related to the January Offering totalled \$2.2 million, which included \$2.0 million in commissions, and \$0.2 million in other issuance costs. The gross proceeds from the Offering were also offset by \$6.1 million, an amount related to the flow-through share premium liability. A reconciliation of the impact of the January Offering on share capital is as follows:

	<b>Number of common shares</b>	<b>Impact on share capital</b>
Common shares issued at \$3.67 per share	4,951,584	\$ 18,172
Flow-through shares issued at \$5.01 per share	4,590,818	23,000
Cash share issue costs	-	(2,261)
Proceeds net of share issue costs	9,542,402	38,911
Flow-through share premium liability	-	(6,151)
	9,542,402	\$ 32,760

All funds remaining from the January 2017 Offering were fully expended during the nine months ended September 30, 2018 including the remaining flow-through funds which were spent on the 2018 summer drill program at the Homestake Ridge project.

#### Exercise of Share Options

During the nine months ended September 30, 2018, 70,000 shares were issued as a result of share options being exercised with a weighted average exercise price of \$0.51 for gross proceeds of \$35. Attributed to these share options, fair value of \$35 was transferred from the equity reserves and recorded against share capital.

#### Exercise of Warrants

During the three and nine months ended September 30, 2018, 15,000 shares were issued as a result of share purchase warrants being exercised with an exercise price of \$1.40 for gross proceeds of \$21. Attributed to these share purchase warrants, fair value of \$12 was transferred from the equity reserves and recorded against share capital.

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### 1.6/1.7 Financial position and liquidity and capital resources (continued)

#### Other sources of funds

As at September 30, 2018, the other sources of funds potentially available to the Company are through the exercise of outstanding stock options with terms as follows:

#### Stock options

Expiry date	Outstanding			Exercisable		
	Number of options	Exercise price	Remaining contractual life (years)	Number of options	Exercise price	Remaining contractual life (years)
Feb 17, 2019	890,000	\$ .51	0.38	890,000	\$ 0.51	0.38
Aug 17, 2020	1,070,000	1.30	1.88	1,070,000	1.30	1.88
June 21, 2021	2,195,000	2.63	2.72	2,195,000	2.63	2.72
Jan 10, 2022	440,000	3.22	3.28	440,000	3.22	3.28
May 5, 2022	65,000	3.04	3.60	56,875	3.04	3.60
June 20, 2023	825,000	1.42	4.72	328,125	1.42	4.72
June 26, 2023	900,000	1.42	4.74	337,500	1.42	4.74
	6,385,000	\$ 1.83	2.85	5,317,500	\$ 1.91	2.47

In the future, the Company may have capital requirements in excess of its currently available resources and may be required to seek additional financing. There can be no assurance that the Company will have sufficient financing to meet its future capital requirements or that additional financing will be available on terms acceptable to the Company in the future.

### 1.8 Off-balance sheet arrangements

The Company does not utilize off-balance sheet arrangements.

### 1.9 Transactions with related parties

All transactions with related parties have occurred in the normal course of operations. All amounts are unsecured, non-interest bearing and have no specific terms of settlement, unless otherwise noted.

	Three months ended		Nine months ended	
	September 30, 2018	September 30, 2017	September 30, 2018	September 30, 2017
<b>Universal Mineral Services Ltd. <sup>1</sup></b>				
Fees, salaries and other employee benefits	\$ 59	\$ 128	\$ 362	\$ 422
Legal and professional fees	-	-	6	-
Marketing and investor relations	23	3	41	6
Insurance	-	1	1	1
Office and administration	68	103	239	324
Regulatory, transfer agent and shareholder information	-	15	-	17
Project investigation costs	-	-	6	10
Exploration and evaluation costs:				
Committee Bay	184	142	467	441
Homestake	18	108	117	304
Peru	64	22	108	77
<b>Total transactions for the period</b>	<b>\$ 416</b>	<b>\$ 522</b>	<b>\$ 1,347</b>	<b>\$ 1,602</b>

1. Universal Mineral Services Ltd., ("UMS") is a private company with certain directors and officers in common that, pursuant to an agreement dated March 30, 2012 and as amended on December 30, 2015, provides office space and geological and administrative services to the Company on a cost recovery basis.  
The outstanding balance owing at September 30, 2018 was \$147 (December 31, 2017 – \$179). In addition, the Company had \$150 on deposit with UMS as at September 30, 2018 (December 31, 2017 - \$150).

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## 1.10 Subsequent events

Noted throughout the other sections of this MD&A

## 1.11 Proposed transactions

None

## 1.12 Critical accounting estimates

The preparation of the financial statements in conformity with IFRS requires management to select accounting policies and make estimates and judgments that may have a significant impact on the consolidated financial statements. Estimates are continuously evaluated and are based on management's experience and expectations of future events that are believed to be reasonable under the circumstances.

Key sources of estimation uncertainty that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities are:

i. Share-based compensation

The Company determines the fair value of stock options granted using the Black-Scholes option pricing model. This option pricing model requires the development of market-based subjective inputs, including the risk-free interest rate, expected price volatility and expected life of the option. Changes in these inputs and the underlying assumption used to develop them can materially affect the fair value estimate.

The fair value of the share-based options granted during the three and nine months ended September 30, 2018 and 2017 were estimated using the Black-Scholes option valuation model with the following assumptions:

	Nine months ended September 30,	
	2018	2017
Risk-free interest rate	1.97%	0.94%
Expected dividend yield	Nil	Nil
Share price volatility	67%	77%
Expected life in years	4.36	4.34

ii. Deferred tax assets and liabilities

Management judgment and estimates are required in assessing whether deferred tax assets and deferred tax liabilities are recognized in the consolidated statements of financial position. Judgments are made as to whether future taxable profits will be available in order to recognize deferred tax assets. Assumptions about the generation of future taxable profits depend on management's estimates of future cash flows. These depend on estimates of future production and sales volumes, commodity prices, reserves, operating costs, and other capital management transactions. These judgments and assumptions are subject to risk and uncertainty and changes in circumstances may alter expectations, which may impact the amount of deferred tax assets and deferred tax liabilities recognized on the consolidated statements of financial position and the benefit of other tax losses and temporary differences not yet recognized.

The Company's deferred tax assets and liabilities were determined using a future income tax rate in Canada of 26% and 29.5% in Peru.

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### 1.12 Critical accounting estimates (continued)

#### iii. Reclamation obligations

Management assesses its reclamation obligations annually and when circumstances suggest that a material change to the obligations have occurred. Significant estimates and assumptions are made in determining the provision for rehabilitation and site restoration, as there are numerous factors that will affect the ultimate liability payable. These factors include estimates of the extent, the timing and the cost of reclamation activities, regulatory change, cost increases, and changes in discount rates. Those uncertainties may result in actual expenditure differing from the amounts currently provided. The provision at the reporting date represents management's best estimate of the present value of the future reclamation costs required. Changes to estimated future costs are recognized in the statement of financial position by adjusting the reclamation asset and liability.

### 1.13 Changes in accounting policies including initial adoption

The Company has adopted the following new accounting standards and policies during the nine months ended September 30, 2018:

#### Revenue Recognition

Effective January 1, 2018, the Company adopted IFRS 15 – Revenue from Contracts with Customers ("IFRS 15") which supersedes IAS 11 – Construction Contracts, IAS 18 – Revenue, IFRIC 13 – Customer Loyalty Programs, IFRIC 15 – Agreements for the Construction of Real Estate, IFRIC 18 – Transfers of Assets from Customers, and SIC 31 – Revenue – Barter Transactions Involving Advertising Services. IFRS 15 establishes a single five-step model framework for determining the nature, amount, timing and uncertainty of revenue and cash flows arising from a contract with a customer. The adoption of this standard did not impact the Company's financial statements, as currently the Company does not earn revenues.

#### Financial instruments

Effective January 1, 2018, the Company adopted IFRS 9 – Financial Instruments ("IFRS 9") to replace IAS 39 – Financial Instruments: Recognition and Measurement. IFRS 9 provides a revised model for recognition and measurement of financial instruments and a single, forward-looking "expected loss" impairment model. IFRS 9 also includes a substantially reformed approach to hedge accounting. The adoption of this standard did not impact the Company's financial statements as currently the Company does not hold any financial instruments for which the underlying accounting will be impacted.

#### Voluntary accounting policy change

Effective January 1, 2018 the Company elected to change its accounting policy for exploration and evaluation costs incurred subsequent to the acquisition of a mineral property interest. Previously the Company had capitalized these costs as part of mineral property interests in accordance with IFRS 6 which allows for mining exploration companies to either capitalize or expense such costs.

Management determined that expensing exploration and evaluation costs would provide more relevant information to many of its financial statements users, as it would allow for comparisons to be drawn against both its Canadian peers, many of which choose to expense such costs, as well as its American peers as the policy is more in line with United States Generally Accepted Accounting Policies ("US GAAP") requirements to expense costs, other than those incurred to acquire the right to explore a mineral property, until the economic viability of a project is established.

The Company will continue to capitalize the costs incurred to acquire the right to explore a mineral property until the right is lost or the value of the mineral property is determined to be impaired.

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### 1.13 Changes in accounting policies including initial adoption (continued)

See note 2 (a) of the Company's September 30, 2018 condensed consolidated interim financial statements for the Company's revised accounting policy on exploration and evaluation costs and mineral property interests.

As a result of this voluntary change in accounting policy, the Company has restated certain prior period amounts within the September 30, 2018 condensed consolidated interim financial statements to be in accordance with this new policy. The impact on prior period amounts is outlined below:

#### Statements of Financial Position

	As previously reported	Adjustment	Restated
<b>As at January 1, 2017</b>			
Mineral property interests	58,815	(22,765)	36,050
Accumulated other comprehensive income	(29)	11	(18)
Deficit	11,743	22,754	34,497
	<b>As previously reported</b>	<b>Adjustment</b>	<b>Restated</b>
<b>As at December 31, 2017</b>			
Mineral property interests	95,986	(58,728)	37,258
Accumulated other comprehensive income	256	(196)	60
Deficit	12,073	58,924	70,997

#### Statements of Loss and Comprehensive Loss

	As previously reported	Adjustment	Restated
<b>Three months ended September 30, 2017</b>			
Exploration and evaluation costs	-	20,214	20,214
Income (loss) for the period	1,841	(20,214)	(18,373)
Unrealized currency gain (loss) on translation of foreign operations	(166)	117	(49)
Net comprehensive income (loss)	1,675	(20,097)	(18,422)
Earnings (loss) per share (basic and diluted)	\$0.02	(\$0.26)	(\$0.24)
	<b>As previously reported</b>	<b>Adjustment</b>	<b>Restated</b>
<b>Nine months ended September 30, 2017</b>			
Exploration and evaluation costs	-	32,436	32,436
Income (loss) for the period	643	(32,436)	(31,793)
Unrealized currency gain (loss) on translation of foreign operations	(284)	214	(70)
Net comprehensive income (loss)	359	(32,222)	(31,863)
Earnings (loss) per share (basic and diluted)	\$0.01	(\$0.43)	(\$0.42)

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### 1.13 Changes in accounting policies including initial adoption (continued)

#### Statement of Cash Flows

<b>Three months ended September 30, 2017</b>	<b>As previously reported</b>	<b>Adjustment</b>	<b>Restated</b>
Income (loss) for the period	1,841	(20,214)	(18,373)
Share-based compensation	187	120	307
Depreciation of fixed assets	-	71	71
Unrealized foreign exchange (loss) gain	103	(11)	90
Changes in non-cash working capital			
Prepaid expenses and deposits	(195)	2,426	2,231
Accounts payable and accrued liabilities	56	6,010	6,066
Cash used in operating activities	(1,328)	(11,598)	(12,926)
Exploration and evaluation costs	(12,666)	12,666	-
Acquisition of mineral property interests	-	(1,068)	(1,068)
Cash used in investing activities	(12,601)	11,598	(1,003)

<b>Nine months ended September 30, 2017</b>	<b>As previously reported</b>	<b>Adjustment</b>	<b>Restated</b>
Income (loss) for the period	643	(32,436)	(31,793)
Share-based compensation	974	702	1,674
Depreciation of fixed assets	-	188	188
Unrealized foreign exchange (loss) gain	139	(5)	134
Changes in non-cash working capital			
Prepaid expenses and deposits	(383)	(513)	(896)
Accounts payable and accrued liabilities	38	8,447	8,485
Cash used in operating activities	(4,694)	(23,617)	(28,309)
Exploration and evaluation costs	(24,714)	24,714	-
Acquisition of mineral property interests	-	(1,097)	(1,097)
Cash used in investing activities	(24,646)	23,617	(1,031)

New and amended accounting standards not yet effective as at September 30, 2018 are summarized as follows:

Leases - In January 2016, the IASB published a new accounting standard, IFRS 16 – Leases ("IFRS 16") which supersedes IAS 17 – Leases. IFRS 16 specifies how to recognize, measure, present and disclose leases. The standard provides a single lessee accounting model, requiring the recognition of assets and liabilities for all leases, unless the lease term is 12 months or less or the underlying asset has a low value. The standard is effective for annual periods beginning on or after January 1, 2019, with early adoption permitted if IFRS 15, has also been applied. The Company does not have any material lease agreements and does not expect the adoption of this standard to materially impact its condensed consolidated interim financial statements.

#### 1.14 Financial instruments and other instruments

As at September 30, 2018, the Company's financial instruments consist of cash, marketable securities, amounts receivable, deposits and accounts payables and accrued liabilities. The fair values of these financial instruments approximate their carrying values due to their short-term to maturity. The Company's financial instruments are exposed to certain financial risks including, credit risk, currency risks, liquidity risk, interest rate risk and capital risk management. Details of the primary risks that the Company is exposed to are laid out in the notes to the Company's condensed consolidated interim financial statements.

It has been determined that these risks, individually and in aggregate, are not material to the Company as a whole.

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### 1.15 Other requirements

#### Capital structure

Authorized: Unlimited number of common shares

Number of common shares issued and outstanding as at November 8, 2018: 90,337,816

Number of common shares issued and outstanding as at September 30, 2018: 90,237,816

Share based options as at November 8, 2018:

Expiry date	Outstanding			Exercisable		
	Number of options	Exercise price	Remaining contractual life (years)	Number of options	Exercise price	Remaining contractual life (years)
Feb 17, 2019	850,000	\$ .51	0.36	850,000	\$ 0.51	0.36
Aug 17, 2020	1,010,000	1.30	1.86	1,010,000	1.30	1.86
June 21, 2021	2,195,000	2.63	2.70	2,195,000	2.63	2.70
Jan 10, 2022	440,000	3.22	3.26	440,000	3.22	3.26
May 5, 2022	65,000	3.04	3.57	56,875	3.04	3.57
June 20, 2023	825,000	1.42	4.70	328,125	1.42	4.70
June 26, 2023	900,000	1.42	4.72	337,500	1.42	4.72
	6,285,000	\$ 1.84	2.85	5,217,500	\$ 1.93	2.47

There are no share purchase warrants outstanding as at November 8, 2018.

#### Controls and procedures

Disclosure controls and procedures ("DC&P") are designed to provide reasonable assurance that material information related to the Company, including its consolidated subsidiaries, is made known to the Company's certifying officers. The Company's Chief Executive Officer ("CEO") and Chief Financial Officer ("CFO") are responsible for establishing and maintaining adequate DC&P and have concluded that the DC&P the Company have in place are effective in providing reasonable assurance that information required to be disclosed under applicable securities regulations is recorded, processed, summarized and reported within the time periods specified.

The Company's management, with the involvement of the CEO and CFO, performs regular reviews of its DC&P to ensure they are designed and operating effectively. As there are inherent limitations in all control systems, any economically feasible control system can only provide reasonable, not absolute, assurance that the control system will prevent or detect all misstatements due to error or fraud.

Management's most recent evaluation of the DC&P was conducted for the year ended December 31, 2017 from which management concluded that the Company's DC&P are effective in providing reasonable assurance that information required to be disclosed under applicable securities regulations is recorded, processed, summarized and reported within the time periods specified as of the date of this report.

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### 1.15 Other requirements (continued)

#### Internal control over financial reporting

Internal control over financial reporting ("ICFR") includes those policies and procedures that:

- pertain to the maintenance of records that in reasonable detail accurately and fairly reflect the transactions and dispositions of the assets of the Company;
- provide reasonable assurance that transactions are recorded as necessary to permit preparation of consolidated financial statements in accordance with IFRS, and that receipts and expenditures of the Company are being made only in accordance with authorizations of management and directors of the Company; and
- provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use or disposition of the Company assets or incurring liabilities or other obligations that could have a material effect on the consolidated financial statements.

It is management's responsibility to establish and maintain adequate ICFR to provide reasonable assurance regarding the reliability of financial reporting and the preparation of consolidated financial statements for external purposes in accordance with IFRS.

At December 31, 2017, under the supervision of the CEO and CFO, management evaluated the effectiveness of the Company's ICFR based on the framework in Internal Control - Integrated Framework (2013) issued by the Committee of Sponsoring Organizations of the Treadway Commission ("COSO"). Based on its evaluation, management concluded that the Company's ICFR was effective as of that date. There have been no material changes in the DC&P or the ICFR during the nine months ended September 30, 2018.

Additional disclosures pertaining to the Company's management information circulars, material change reports, press releases and other information are available on the SEDAR website at [www.sedar.com](http://www.sedar.com).

On behalf of the Board of Directors,

"Shawn Wallace"

**Shawn Wallace**

President and Chief Executive Officer

November 8, 2018