AURANIA RESOURCES LTD.

CONSOLIDATED FINANCIAL STATEMENTS

Years Ended December 31, 2012 and 2011

(*Expressed in Canadian Dollars)*

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INDEPENDENT AUDITOR'S REPORT

To the Shareholders of Aurania Resources Ltd.

We have audited the accompanying consolidated financial statements of Aurania Resources Ltd. and its subsidiary which comprise the consolidated statements of financial position as at December 31, 2012 and 2011, and the consolidated statements of changes in shareholders' equity (deficiency), consolidated statements of loss and comprehensive loss and consolidated statements of cash flows for the years then ended and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with International Financial Reporting Standards and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audits. We conducted our audits in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the consolidated financial statements present fairly, in all material respects, the financial position of Aurania Resources Ltd. and its subsidiary as at December 31, 2012 and 2011, and their financial performance and cash flows for the years then ended in accordance with International Financial Reporting Standards.

McGOVERN, HURLEY, CUNNINGHAM, LLP

McGovern, Hurley, Cunningham, LLP

Chartered Accountants
Licensed Public Accountants

TORONTO, Canada
April 26, 2013

AURANIA RESOURCES LTD.

CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
(*Expressed in Canadian Dollars*)

AS AT DECEMBER 31,	**2012**	2011
	$	$
ASSETS		
Current		
Cash	**312,831**	53,892
Prepaid expenses and receivables *(Note 13(i))*	**34,940**	1,799
Total current assets	**347,771**	55,691
Non-current assets		
Equipment *(Note 4)*	**3,048**	9,513
Total assets	**350,819**	65,204
LIABILITIES		
Current		
Trade and other payables *(Note 10)*	**208,524**	477,267
Shareholder loans *(Note 6)*	**-**	531,983
Total liabilities	**208,524**	1,009,250
SHAREHOLDERS' EQUITY (DEFICIENCY)		
Share capital (*Note 8*)	**171**	110
Share premium	**3,477,907**	2,400,540
Warrants *(Note 8)*	**310,745**	-
Contributed surplus	**48,000**	24,000
Deficit	**(3,694,528)**	(3,368,696)
Total shareholders' equity (deficiency)	**142,295**	(944,046)
Total liabilities and shareholders' equity (deficiency)	**350,819**	65,204

Nature of operations and business continuance (*Note 1)*
Commitments and contingencies *(Notes 5, 12, 13)*
Subsequent events *(Note 13)*

APPROVED BY THE BOARD:

Signed "Marvin K. Kaiser", Director

Signed "Keith M. Barron", Director

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

AURANIA RESOURCES LTD.

CONSOLIDATED STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY (DEFICIENCY)
(*Expressed in Canadian Dollars*)

	ISSUED CAPITAL			RESERVES			
	Common Shares #	**Share Capital $**	**Share Premium $**	**Warrants $**	**Contributed Surplus $**	**Accumulated Deficit $**	**Total Shareholders' Equity (Deficiency) $**
Balance, December 31, 2010	**10,901,740**	110	2,400,540	-	-	(2,525,373)	**(124,723)**
Rent benefit *(Note 10(ii))*	-	-	-	-	24,000	-	24,000
Net (loss) for the year	-	-	-	-	-	(843,323)	(843,323)
Balance, December 31, 2011	**10,901,740**	110	2,400,540	-	24,000	(3,368,696)	**(944,046)**
Common shares issued pursued to private placement *(Note 8(b)(ii))*	**10,000**	-	1,500	-	-	-	1,500
Common shares issued for settlement of debt *(Notes 5, 8(b)(ii) and (iii))*	**6,071,133**	61	1,075,867	-	-	-	1,075.928
Warrants *(Note 8(c))*	-	-	-	310,745	-	-	310,745
Rent benefit *(Note 10(ii))*	-	-	-	-	24,000	-	24,000
Net (loss) for the year	-	-	-	-	-	(325,832)	(325,832)
Balance, December 31, 2012	**16,982,873**	**171**	**3,477,907**	**310,745**	**48,000**	**(3,694,528)**	**142,295**

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

AURANIA RESOURCES LTD.

CONSOLIDATED STATEMENTS OF LOSS AND COMPREHENSIVE LOSS
(*Expressed in Canadian Dollars*)

For the years ended December 31,	**2012**	2011
	$	$
Expenses		
Bank charges and interest	**1,927**	1,734
Depreciation	**6,465**	5,322
Exploration expenditures *(Note 5)*	**48,920**	264,873
Insurance	**901**	7,699
Investor relations	**1,383**	10,198
Office and general	**31,625**	35,678
Professional fees (Note 10 (iv))	**71,037**	352,239
Management and consulting fees *(Note 10 (iv))*	**60,000**	125,989
Regulatory fees and capital taxes	**9,188**	30,798
Travel	**3,858**	20,166
Total expenses	**235,304**	854,696
Other Income:		
Loss (gain) on foreign exchange	**12,800**	(11,373)
Listing and IPO expenses	**77,728**	-
Loss and comprehensive loss for the year	**325,832**	843,323
Basic and diluted loss per share	**$0.02**	$0.08
Weighted average common shares outstanding Basic and diluted	**15,126,384**	10,901,740

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

AURANIA RESOURCES LTD.

CONSOLIDATED STATEMENTS OF CASH FLOWS
(*Expressed in Canadian Dollars*)

For the years ended December 31,	**2012**	2011
	$	$
Cash flows from the following activities:		
Operating		
(Loss) for the year	**(325,832)**	(843,323)
Non-cash items:		
Depreciation	**6,465**	5,322
Rent benefit *(Note 10(ii))*	**24,000**	24,000
Net change in non-cash working capital (*Note 7)*	**(301,884)**	155,434
Net cash used in operating activities	**(597,251)**	(658,567)
Investing		
Equipment expenditures	**-**	(1,273)
Financing		
Issuance of common shares *(Note 8(b(ii))*	**1,500**	-
Warrants *(Note 8(c))*	**310,745**	-
Shareholder loans *(Note 6)*	**543,945**	531,983
Net cash provided by financing activities	**856,190**	531,983
Increase (decrease) in cash	**258,939**	(127,857)
Cash – beginning of year	**53,892**	181,749
Cash – end of year	**312,831**	53,892

Supplemental information *(Note 7)*

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

1. NATURE OF OPERATIONS AND BUSINESS CONTINUANCE

Aurania Resources Ltd. (the "Company") was incorporated under *the Companies Act 1981, Bermuda,* on June 26, 2007 under the name "Urania Ltd.". On December 22, 2010, the Company changed its name to "Urania Resources Ltd." and on March 21, 2012, the Company further changed its name to Aurania Resources Ltd. Through its 100% wholly-owned subsidiary AuroVallis Sàrl, the Company is engaged in the exploration and development of certain exploration properties in Switzerland, more particularly described in *Note 5*.

The registered head office of the Company is located at 31 Victoria Street, Hamilton, HM10, Bermuda. These consolidated financial statements of the Company for the years ended December 31, 2012 and 2011 were approved and authorized for issue by the Board of Directors on April 26, 2013.

The business of mineral exploration involves a high degree of risk and there can be no assurance that the Company's exploration programs will result in profitable mining operations. The Company's continuing existence is dependent upon the discovery of economically recoverable resources, securing and maintaining title to and beneficial interest in exploration property interests, the ability to obtain the necessary financing to complete exploration, development and construction of a mine and processing facilities, obtaining certain government approvals and attaining profitable production. There can be no assurance that the Company will be able to raise sufficient funds as and when required.

The Company is currently in the process of exploring the exploration property interests under government-granted permits and has not yet determined whether these interests contain reserves that are economically recoverable. The exploration property interests are located outside of Canada and are subject to the risk of foreign investment, including increases in taxes and royalties, renegotiation of permits and currency exchange fluctuations.

Although the Company has taken steps to verify title to the properties on which it is conducting exploration, in accordance with industry standards for the current stage of exploration of such properties, these procedures do not guarantee the Company's title. Property title may be subject to unregistered prior agreements and non-compliance of regulatory requirements.

As at December 31, 2012, the Company had cash of $312,831 (2011 - $53,892) and current liabilities of $208,524 (2011 - $1,009,250). Further, the Company had a cumulative deficit of $3,694,528 (2011 - $3,368,696) and working capital of $139,247 (2011 – working capital deficiency of $953,559). The Company's ability to continue operations and fund its future exploration property expenditures is dependent on management's ability to secure additional financing. Management is actively pursuing such additional sources of financing, and while it has been successful in doing so in the past, there can be no assurance it will be able to do so in the future (*See Note (13(i)) – Subsequent Events).* These 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 consolidated financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB") and its interpretations.

2. SIGNIFICANT ACCOUNTING POLICIES, Continued

b) Basis of presentation

These consolidated financial statements have been prepared on a historical cost basis using the accrual basis of accounting except for cash flow information.

c) Basis of consolidation

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

Subsidiaries are entities over which the Company has control where control is defined as the power to govern financial and operating policies of an entity so as to obtain benefit from its activities. Generally, the Company has a shareholding of more than one half of the voting rights in its subsidiaries. The effects of the potential voting rights that are currently exercisable are considered when assessing whether control exists. Subsidiaries are fully consolidated from the date control is transferred to the Company and are deconsolidated from the date control ceases.

d) Significant accounting judgments and estimates

The application of the Company’s accounting policies in compliance with IFRS requires the Company’s 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:

Estimation of decommissioning and restoration costs and the timing of expenditure
Management is not aware of any material restoration, rehabilitation and environmental provisions as at December 31, 2012 and 2011. Decommissioning, restoration and similar liabilities are estimated based on the Company’s interpretation of current regulatory requirements, constructive obligations and are measured at fair value and these estimates are updated at least annually. Fair value is determined based on the net present value of estimated future cash expenditures for the settlement of decommissioning, restoration or similar liabilities that may occur upon decommissioning of the mine. Such estimates are subject to change based on changes in laws and regulations and negotiations with regulatory authorities.

Income taxes and recoverability of potential deferred tax assets
In assessing the probability of realizing income tax assets recognized, management makes estimates related to expectations of future taxable income, applicable tax planning opportunities, expected timing of reversals of existing temporary differences and the likelihood that tax positions taken will be sustained upon examination by applicable tax authorities. In making its assessments, management gives additional weight to positive and negative evidence that can be objectively verified. Estimates of future taxable income are based on forecasted cash flows from operations and the application of existing tax laws in each jurisdiction. The Company considers relevant tax planning opportunities that are within the Company's control, are feasible and within

2. SIGNIFICANT ACCOUNTING POLICIES, Continued

d) Significant accounting judgments and estimates, Continued

management's ability to implement. Examination by applicable tax authorities is supported based on individual facts and circumstances of the relevant tax position examined in light of all available evidence. Where applicable tax laws and regulations are either unclear or subject to ongoing varying interpretations, it is reasonably possible that changes in these estimates can occur that materially affect the amounts of income taxassets recognized. Also, future changes in tax laws could limit the Company from realizing the tax benefits from the deferred tax assets. The Company reassesses unrecognized income tax assets at each reporting period.

Share-based payments
Management determines costs for share-based payments using market-based valuation techniques. The fair value of the market-based and performance-based non-vested share awards are determined at the date of grant using generally accepted valuation techniques. Assumptions are made and judgment used in applying valuation techniques. These assumptions and judgments include estimating the future volatility of the stock price, expected dividend yield, future employee turnover rates and future employee stock option exercise behaviours and corporate performance. Such judgments and assumptions are inherently uncertain. Changes in these assumptions could affect the fair value estimates.

Contingencies
See Note 12 – Commitments and Contingencies.

e) Cash and cash equivalents

Cash and cash equivalents include cash-on-hand and balances with banks and short-term investments with original maturities of three months or less. The Company did not have any cash equivalents as at December 31, 2012 and 2011.

f) Financial instruments

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

Financial assets

Financial assets classified as FVTPL are measured at fair value with unrealized gains and losses recognized through the consolidated statement of loss. At December 31, 2012 and 2011, the Company had no items classified as FVTPL.

Financial assets classified as loans and receivables and held-to-maturity are measured at amortized cost. The Company's cash and receivables are classified as loans and receivables.

Financial assets classified as available-for-sale are measured at fair value with unrealized gains and losses recognized in other comprehensive income (loss) except for losses in value that are considered other than temporary. At December 31, 2012 and 2011, the Company had no financial assets classified as available-for-sale.

Transaction costs associated with FVTPL financial assets are expensed as incurred, while transaction costs associated with all other financial assets are included in the initial carrying amount of the asset.

2. SIGNIFICANT ACCOUNTING POLICIES, Continued

f) Financial instruments, Continued

<u>Financial liabilities</u>

All financial liabilities are initially recorded at fair value and designated upon inception as FVTPL or other-financial liabilities.

Financial liabilities classified as other financial liabilities are initially recognized at fair value less directly attributable transaction costs. After initial recognition, other financial liabilities are subsequently measured at amortized cost using the effective interest method. The effective interest method is a method of calculating the amortized cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments through the expected life of the financial liability, or, where appropriate, a shorter period. The Company's trade and other payables, and shareholder loans and the liability component of convertible notes are classified as other financial liabilities.

Financial liabilities classified as FVTPL include financial liabilities held-for-trading and financial liabilities designated upon initial recognition as FVTPL. Derivatives, including separated embedded derivatives are also classified as held-for-trading unless they are designated as effective hedging instruments. Fair value changes of financial liabilities classified as FVTPL are recognized through the consolidated statement of loss. At December 31, 2012 and 2011, the Company had not classified any financial liabilities as FVTPL.

Financial instruments recorded at fair value on the statement of financial position are classified using a fair value hierarchy that reflects the significance of the inputs used in making the measurements. The fair value hierarchy has the following levels: Level 1 - valuation based on quoted prices (unadjusted) in active markets for identical assets or liabilities; Level 2 - valuation techniques based on inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices); and Level 3 - valuation techniques using inputs for the asset or liability that are not based on observable market data (unobservable inputs). As at December 31, 2012 and 2011, the Company did not have any financial instruments recorded using the fair value hierarchy.

g) Equipment

Equipment is recorded at cost less accumulated depreciation and accumulated impairment losses. Depreciation is recorded over the following estimated useful lives of the equipment on a straight-line basis:

Exploration equipment	5 years
Computer equipment and software	3 years

h) Exploration and evaluation expenditures

All acquisition and exploration costs are charged to operations in the period incurred until such time as it has been determined that a project is commercially viable and technically feasible, in which case, subsequent exploration costs and the costs incurred to develop a property are capitalized into property, plant and equipment. If a project is successful, the capitalized amounts related to the project are depleted on a unit-of-production method based on proven and probable reserves. If it is determined that the mineral property has no future economic value, then the related capitalized costs will be expensed.

Costs include the cash consideration and the fair market value of shares issued for the acquisition of properties. Properties acquired under option agreements, whereby payments are made at the sole discretion of the Company, are recorded in the accounts at the time of payment.

2. SIGNIFICANT ACCOUNTING POLICIES, Continued

i) Decommissioning, restoration and similar liabilities

A legal or constructive obligation to incur restoration, rehabilitation and environmental costs may arise when environmental disturbance is caused by the exploration, development or ongoing production of an exploration property interest. Such costs arising from the decommissioning of a plant and other site preparation work, discounted to their net present value, are provided for and capitalized at the start of each project to the carrying amount of the related asset as soon as the obligation to incur such costs arises. The timing of the actual expenditure is dependent on a number of factors such as the life and nature of the asset and the operating license conditions. Discount rates using a pretax rate that reflect the time value of money are used to calculate the net present value. These costs are charged against profit or loss. The related liability is adjusted for each period for the unwinding of the discount rate and for changes to the current market-based discount rate, amount or timing of the underlying cash flows needed to settle the obligation. Changes in estimates of decommissioning costs are accounted for as a charge to operations. The periodic unwinding of the discount is recognized in operations as an accretion expense. Management is not aware of any significant decommissioning or restoration obligations at December 31, 2012 and 2011.

j) Impairment of assets

Financial assets

Financial assets are assessed for indicators of impairment at the end of each reporting period. Financial assets are impaired when there is objective evidence that the estimated future cash flows of the assets have been negatively impacted. The amount of the loss is measured as the difference between the asset's carrying amount and the present value of the estimated future cash flows discounted at the financial asset's original effective interest rate. The carrying amount of the asset is reduced by the amount of the impairment and the loss is recognized in the statement of loss.

If in a subsequent period, the amount of impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognized, the previously recognized impairment loss is reversed to the extent that the carrying value of the asset does not exceed what the amortized cost would have been, had the impairment not been recognized. Any subsequent reversal of an impairment loss is recognized in the statement of loss.

Non-financial assets

At each statement of financial position date, the Company reviews the carrying amounts of its non-financial assets to determine whether there is an indication that those assets have suffered an impairment loss. If such an indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss. The recoverable amount is the higher of the fair value less costs to sell and the value in use. If the recoverable amount is less than the carrying amount of the asset, the carrying amount is reduced to the recoverable amount and the impairment loss is recognized in the statement of loss.

k) Foreign currency translation

The reporting and functional currency of the Company and its subsidiary is the Canadian dollar. Foreign currency transactions are translated into Canadian dollars as follows:

(i) Monetary assets and liabilities are translated using the exchange rate at the statement of financial position date.
(ii) Non-monetary assets and liabilities are translated at historic rates.
(iii) Revenues and expenses are translated at the rate of exchange at the time of the transaction.
(iv) Exchange gains and losses arising from the translation of monetary items are taken directly to the consolidated statement of loss.

2. SIGNIFICANT ACCOUNTING POLICIES, Continued

l) Basic and diluted loss per share

Basic and diluted loss per share is calculated using the weighted average number of common shares outstanding for the period. Diluted loss per share reflects the dilution that would occur if outstanding warrants were converted into common shares. In order to determine diluted loss per share, any proceeds from the exercise of dilutive warrants would be used to repurchase common shares at the average market price during the period, with the incremental number of shares being included in the denominator of the diluted loss per share calculation. The Company's diluted loss per share for the years presented does not include the effect of the warrants as they are anti-dilutive.

m) Share-based payments

Equity-settled share-based payments to employees and others providing similar services are measured at the fair value of the equity instruments at the grant date. Details regarding the determination of the fair value of equity-settled share-based transactions are set out in the equity reserves note.

The fair value determined at the grant date of the equity-settled share-based payments is expensed on a graded vesting basis over the period during which the employee becomes unconditionally entitled to equity instruments, based on the Company's estimate of equity instruments that will eventually vest. At the end of each reporting period, the Company revises its estimate of the number of equity instruments expected to vest. The impact of the revision of the original estimates, if any, is recognized in profit or loss such that the cumulative expense reflects the revised estimate, with a corresponding adjustment to the equity reserve.

Equity-settled share-based payment transactions with parties other than employees are measured at the fair value of the goods or services received, except where that fair value cannot be estimated reliably, in which case they are measured at the fair value of the equity instruments granted, measured at the date the entity obtains the goods or the counterparty renders the service. For those options that expire after vesting, the recorded value is transferred to deficit.

The Company had not granted any stock options as of December 31, 2012.

n) Income taxes

Income tax on the loss for the periods presented comprises current and deferred tax. Income tax is recognized in profit or loss except to the extent that it relates to items recognized directly in equity, in which case it is recognized in equity.

<u>Current tax</u>
This is the expected tax payable on the taxable income for the year, using tax rates enacted or substantively enacted at period end, adjusted for amendments to tax payable with regards to previous years.

<u>Deferred tax</u>
This is provided using the liability method, providing for temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. The amount of deferred tax provided is based on the expected manner of realization or settlement of the carrying amount of assets and liabilities, using tax rates enacted or substantively enacted at the financial position reporting date applicable to the period of expected realization or settlement. Deferred income tax liabilities and assets are not recognized for taxable temporary differences that arise from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss.

2. SIGNIFICANT ACCOUNTING POLICIES, Continued

n) Income taxes, Continued

A deferred tax asset is recognized only to the extent that it is probable that future taxable profits will be available against which the asset can be utilized.

o) New standards not yet adopted and interpretations issued but not yet effective

Certain new standards, interpretations and amendments to existing standards have been issued by the IASB or IFRIC that are mandatory for accounting periods beginning after January 1, 2013, or later periods. The following have not yet been adopted and are being evaluated to determine their impact on the Company.

IFRS 9 – Financial Instruments ("IFRS 9") was issued by the IASB in October 2010 and will replace IAS 39 Financial Instruments: Recognition and Measurement ("IAS 39"). IFRS 9 uses a single approach to determine whether a financial asset is measured at amortized cost or fair value, replacing the multiple rules in IAS 39. The approach in IFRS 9 is based on how an entity manages its financial instruments in the context of its business model and the contractual cash flow characteristics of the financial assets. Most of the requirements in IAS 39 for classification and measurement of financial liabilities were carried forward unchanged to IFRS 9.

The new standard also requires a single impairment method to be used, replacing the multiple impairment methods in IAS 39. IFRS 9 is effective for annual periods beginning on or after January 1, 2015. Earlier adoption is permitted.

IFRS 10 – Consolidated Financial Statements ("IFRS 10") was issued by the IASB in May 2011. IFRS 10 is a new standard which identifies the concept of control as the determining factor in assessing whether an entity should be included in the consolidated financial statements of the parent company. Control is comprised of three elements: power over an investee; exposure to variable returns from an investee; and the ability to use power to affect the reporting entity's returns. IFRS 10 is effective for annual period beginning on or after January 1, 2013.

IFRS 11 – Joint Arrangements ("IFRS 11") was issued by the IASB in May 2011. IFRS 11 is a new standard which focuses on classifying joint arrangements by their rights and obligations rather than their legal form. Entities are classified into two groups: parties having rights to the assets and obligations for the liabilities of an arrangement, and rights to the net assets of an arrangement. Entities in the former case account for assets, liabilities, revenues and expenses in accordance with the arrangement, whereas entities in the latter case account for the arrangement using the equity method. IFRS 11 is effective for annual periods beginning on or after January 1, 2013.

IFRS 12 – Disclosure of Interests in Other Entities ("IFRS 12") was issued by the IASB in May 2011. IFRS 12 is a new standard which provides disclosure requirements for entities reporting interests in other entities, including joint arrangements, special purpose vehicles, and off balance sheet vehicles. IFRS 12 is effective for annual periods beginning on or after January 1, 2013.

IFRS 13 – Fair Value Measurement ("IFRS 13") was issued by the IASB in May 2011. IFRS 13 is a new standard which provides a precise definition of fair value and a single source of fair value measurement considerations for use across IFRS. IFRS 13 clarifies that fair value is the price that would be received to sell an asset, or paid to transfer a liability in an orderly transaction between market participants at the measurement date under current market conditions. It also establishes disclosures about fair value measurement. IFRS 13 is effective for annual periods beginning on or after January 1, 2013.

2. SIGNIFICANT ACCOUNTING POLICIES, Continued

o) New standards not yet adopted and interpretations issued but not yet effective, Continued

IAS 1 – Presentation of Financial Statements (“IAS 1”) was amended by the IASB in June 2011 in order to align the presentation of items in other comprehensive income with US GAAP standards. Items in other comprehensive income will be required to be presented in two categories: items that will be reclassified into profit or loss and those that will not be reclassified. The flexibility to present a statement of comprehensive income as one statement or two separate statements of profit and loss and other comprehensive income remains unchanged. The amendments to IAS 1 are effective for annual periods beginning on or after July 1, 2012.

IAS 28 - Investments in Associates and Joint Ventures (“IAS 28”) was issued by the IASB in May 2011 and supersedes IAS 28 Investments in Associates and prescribes the accounting for investments in associates and sets out the requirements for the application of the equity method when accounting for investments in associates and joint ventures. IAS 28 defines significant influence as the power to participate in the financial and operating policy decisions of the investee but is not control or joint control of those policies. IAS 28 also provides guidance on how the equity method of accounting is to be applied and also prescribes how investments in associates and joint ventures should be tested for impairment. The amendments to IAS 28 are effective for annual periods beginning on or after January 1, 2013.

IAS 32 – Financial Instruments: Presentation (“IAS 32”) was amended by the IASB in December 2011 to clarify certain aspects of the requirements on offsetting. The amendments focus on the criterion that an entity currently has a legally enforceable right to set off the recognized amounts and the criterion that an entity intends either to settle on a net basis, or to realize the asset and settle the liability simultaneously. The amendments to IAS 32 are effective for annual periods beginning on or after January 1, 2014. Earlier adoption is permitted.

3. CAPITAL AND FINANCIAL RISK MANAGEMENT

Capital management

The Company considers the capital that it manages, as share capital, share premium and warrants, contributed surplus and deficit, which at December 31, 2012 totaled $142,295 (2011 – deficiency of $944,046). 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.

The Company’s continued existence is dependent upon the ability to obtain the necessary financing to complete exploration and development, obtain necessary government approvals and attain profitable production. Management continues to evaluate and assess new project opportunities consistent with its growth strategy.

Management reviews its capital management approach on an ongoing basis and believes that this approach, given the relative size of the Company, is appropriate. The Company is not subject to externally imposed capital requirements and there has been no change with respect to the overall capital risk management strategy during the years ended December 31, 2012 and 2011.

3. CAPITAL AND FINANCIAL RISK MANAGEMENT, Continued

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 the Company's management team 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 years ended December 31, 2012 and 2011.

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 and Swiss financial institutions, from which management believes the risk of loss to be remote.

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 the Company has no producing assets, continued operations are dependent upon its ability to raise adequate financing in the market, through debt or by the disposition of assets. Management is actively pursuing this additional financing but there is no assurance that it will be able to do so. As at December 31, 2012 and 2011, the Company had $312,831 and $53,892, respectively in cash to settle current liabilities of $208,524 and $1,009,250, respectively. Subsequent to December 31, 2012, the Company issued 5,000,000 common shares through a private placement financing for gross proceeds of $2,000,000 *(See Note 13 – Subsequent Events).*

c) Market risk

Market risk is the risk that 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 Swiss francs ("CHF") and are therefore subject to gains or losses due to fluctuations in this currency. Management believes that the foreign exchange risk derived from currency conversions is best served by not hedging its foreign exchange risk. At December 31, 2012, the Company's exposure to foreign currency risk with respect to amounts denominated in CHF, was substantially as follows:

3. CAPITAL AND FINANCIAL RISK MANAGEMENT, Continued

Financial risk management, Continued

c) Market risk, Continued

ii) Foreign currency risk, Continued

In Canadian $ equivalents	**2012**	2011
Cash	**$ 17,113**	$ 21,892
Accounts payable and accrued liabilities	**(17,235)**	(51,456)
Net exposure	**$ (122)**	$(29,564)

d) Commodity price risk

The Company may be exposed to price risk with respect to commodity prices in the future. Commodity price risk is defined as the potential adverse future impact on earnings and economic value due to commodity price movements and volatilities. 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 certain other metals.

e) Sensitivity analysis

As of December 31, 2012 and 2011, 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 Swiss franc (“CHF”) would have decreased the net asset position of the Company by $12 (2011 - $3,000) at December 31, 2012. A 10% weakening of the Canadian dollar against the same would have had an equal but opposite effect.

Commodity price risk could adversely affect the Company. In particular, the Company’s future profitability and viability of development depends upon the world market price of gold, uranium and certain other metals. Commodity prices have fluctuated significantly in recent years. There is no assurance that, even as commercial quantities of these metals may be produced in the future, a profitable market will exist for them. As of December 31, 2012 and 2011, the Company was not a commodity producer. Commodity price risk may affect the completion of future equity transactions such as equity offerings and the exercise of stock options and warrants. This may also affect the Company's liquidity and its ability to meet its ongoing obligations.

(Expressed in Canadian Dollars)

4. EQUIPMENT

Equipment consists of the following:

NET BOOK VALUE	As at December 31, 2011($)	**As at December 31, 2012($)**
Computer equipment	1,648	**290**
Computer software	1,403	**-**
Exploration equipment	6,462	**2,758**
Total	9,513	**3,048**

Cost		**January 1, 2011($)**	**Additions ($)**	**December 31, 2011 ($)**	**Disposals/ Writedowns ($)**	**December 31, 2012 ($)**
Computer equipment		3,285	-	**3,285**	-	**3,285**
Computer software		2,961	1,273	**4,234**	-	**4,234**
Exploration equipment		16,184	-	**16,184**	-	**16,184**
Total		22,430	1,273	**23,703**	-	**23,703**

Accumulated Depreciation		**January 1, 2011 ($)**	**Depreciation ($)**	**December 31, 2011 ($)**	**Depreciation ($)**	**December 31, 2012 ($)**
Computer equipment		1,238	1,360	2,598	397	**2,995**
Computer software		1,234	1,317	2,551	1,683	**4,234**
Exploration equipment		6,396	2,645	9,041	4,385	**13,426**
Total		8,868	5,322	14,190	6,465	**20,655**

(Expressed in Canadian Dollars)

5. EXPLORATION EXPENDITURES

Exploration expenditures related to the Swiss exploration permits are summarized as follows:

	Cumulative Balance, January 1, 2011 $	Additions Expensed $	Cumulative Balance, December 31, 2011 $	Additions Expensed $	Cumulative Balance, December 31, 2012 $ (1)
Siviez Project					
Geology field studies	699,845	9,150	708,995	3,128	**712,123**
Geophysics	122,937	-	122,937	-	**122,937**
Property maintenance	16,961	773	17,734	883	**18,617**
Technical studies	14,882	10,546	25,428	-	**25,428**
Environment & community relations	17,458	21,326	38,784	-	**38,784**
	872,083	41,795	913,878	4,011	**917,889**
Marécottes Project					
Geology field studies	452,892	22,560	475,452	165	**475,617**
Geophysics	67,644	-	67,644	256	**67,900**
Property maintenance	12,545	1,139	13,684	883	**14,567**
Technical studies	14,213	10,594	24,807	-	**24,807**
	547,294	34,293	581,587	1,304	**582,891**
Mont Chemin Project					
Geology field studies	165,381	80,691	246,072	29,403	**275,475**
Geophysics	12,301	77,391	89,692	46	**89,738**
Property maintenance	8,831	5,801	14,632	4,617	**19,249**
Technical studies	9,132	24,902	34,034	9,539	**43,573**
	195,645	188,785	384,430	43,605	**428,035**
	1,615,022	264,873	**1,879,895**	48,920	**1,928,815**

(1) All acquisition and exploration costs are charged to operations in the period incurred until such time as it has been determined that a property has economically recoverable resources, in which case, subsequent exploration costs incurred to develop a property are capitalized into property, plant and equipment.

5. EXPLORATION EXPENDITURES, Continued

Switzerland

The Company, through its wholly-owned subsidiary AVS, holds a 100% interest in three exploration permits in Switzerland in the Canton of Valais subject to a 3% gross value royalty payable to the Canton and a 0.75% gross value royalty payable to the surface rights holders, described as follows:

a) ***Mont Chemin Project (gold-silver)***
On July 11, 2008, the Company was granted a five-year exploration permit known as the "Perimetre de Tête-des Éconduits – Mont Chemin *Permis de fouille"* by a government department of the Canton of Valais.

b) ***Siviez Project (uranium-copper-gold-silver)***
On June 24, 2009, the Company was granted a five-year exploration permit known as the "Siviez-Plan du Fou – Col. des Mines *Permis de fouille"* by a government department of the Canton of Valais.

c) ***Marécottes Project (uranium)***
On July 11, 2008 the Company was granted a five-year exploration permit known as the "Perimetre de la Creusaz (Marécottes) Balaye (Finhaut) *Permis de fouille"* by a government department of the Canton of Valais.

Pursuant to a ruling of the Department of Transports, Equipment and Environment of the Canton of Valais effective May 25, 2012, the following conditions must be satisfied in order to maintain the validity of the exploration permits until their maturity:

- 500m of drilling on the Mont Chemin Project in 2013 and demonstration that the Company has adequate funding to complete this drilling;
- listing of the common shares of the Company on the TSX Venture Exchange by April 21, 2013;
- settlement of the annual taxes in the amount of approximately CHF600 per permit;
- the Company has the preferential right, under the Mining Act and the exploration permits, to renew the exploration permits for a second five-year term, however, in order to renew the Mont Chemin exploration permit and the Marecottes exploration permit, the Company must demonstrate that it has adequate funding to complete an aggregate of 4,000 m of drilling as follows:
  - 2,500m of drilling to be completed on any of the three permits as the Company may so determine on or before July 10, 2013 with a right to request an extension until March 31, 2014 (this is in addition to the 500m of drilling on the Mont Chemin Project to be completed in 2013); and
  - 1,500m of drilling to be completed on the Siviez exploration permit on or before June 24, 2014 with a right to request an extension until March 31, 2015.

If the foregoing drilling obligations are not timely met, the area of the permits shall be reduced proportionately and the Company shall have the right to select the areas to be maintained.

(Expressed in Canadian Dollars)

6. SHAREHOLDER LOANS

i) During the year ended December 31, 2011, Bambazonke Holdings Ltd., a company controlled by a director, officer and principal shareholder of the Company (the "Lender") advanced a total of $531,983 to the Company ("Advances 1") to fund working capital and reduce trade payables. These advances were recorded as unsecured, non-interest-bearing liabilities that were due on demand.

From January 1, 2012 to March 22, 2012, the same Lender advanced an additional $279,532 to the Company to fund working capital ("Advances 2").

On March 22, 2012 the Company agreed to issue 5,410,100 common shares valued at $0.15 per share ($811,515) to the Lender in full settlement of Advances 1 and 2.

ii) From May to December 2012, the same Lender advanced a further $264,413 ("Advances 3") to the Company to fund working capital and reduce payables. On December 21, 2012 the Company agreed to issue 661,033 common shares, valued at $0.40 per share, to the Lender in full settlement of Advances 3.

7. SUPPLEMENTAL CASH FLOW INFORMATION

For the years ended December 31,	**2012**	2011
	$	$
Net changes in non-cash working capital:		
Prepaid expenses	**(33,141)**	8,417
Accounts payable and accrued liabilities	**(268,743)**	147,017
	(301,884)	155,434
Interest paid	**-**	-
Corporate taxes paid	**-**	-
Common shares issued on settlement of debt *(Note 6)*	**1,075,928**	-

8. SHARE CAPITAL

a) **Authorized share capital** at December 31, 2012 and 2011 is 1,000,000,000 common shares with a par value of $0.00001 per share. All shares issued are fully paid.

b) **Issued and outstanding common shares** at December 31, 2012 is 16,982,873 (2011 – 10,901,740).

i) No new capital was issued during the year ended December 31, 2011.

ii) On March 22, 2012:

The Company issued 10,000 common shares pursuant to a private placement for proceeds of $1,500 or $0.15 per share; and

The Company issued 5,410,100 common shares to a company controlled by a director, officer and principal shareholder in settlement of $811,515 of loans made to the Company. The value of the shares was based on the value of the private placement financing that closed on March 22, 2012. *See above and Note 6 - Shareholder Loans.*

iii) On December 21, 2012, the Company issued 661,033 common shares to a company controlled by a director, officer and principal shareholder of the Company in settlement of $264,413 of loans made to the Company. The value of the shares was based on the value of the special warrants private placement financing that closed on December 21, 2012. *See Note 6 – Shareholder Loans and Note 8(c) - Special Warrants Financing*

(Expressed in Canadian Dollars)

8. SHARE CAPITAL, Continued

c) Special Warrants Financing

On December 21, 2012, the Company issued 776,862 Special Warrants at $0.40 per Special Warrant, for gross proceeds of $310,745. Each Special Warrant entitled the Special Warrant Holder to automatically receive, for no additional consideration and without further action by the holder, one common share for each special warrant held. *See Note 13(i) – Subsequent Events*.

9. INCOME TAXES

a) Provision for income taxes

Major items causing the Company's income tax rate to differ from the federal statutory rate of approximately 0% (2011 – 0%) are as follows.

	2012 $	2011 $
(Loss) before taxes:	**(325,832)**	(843,323)
Expected income tax benefit based on statutory rate	**-**	-
Adjustments to expected income tax benefit:		
Adjustment for taxes in foreign operations	**(14,000)**	(64,000)
Change in foreign exchange rates	**(3,000)**	(9,000)
Tax benefits not recognized	**17,000**	73,000
Deferred Income tax provision (recovery)	**-**	-

b) Deferred Income Tax Balances

	2012 $	2011 $
Deferred income tax assets		
Non-capital losses carry-forwards	**524,000**	507,000
Tax assets not recognized	**524,000**	507,000

c) Tax benefits from non-capital loss carry-forwards have not been recorded in the consolidated financial statements. These losses, which may reduce taxable income in Switzerland in future fiscal years amount to approximately $2,436,000 (CHF – 2,233,000) and expire as follows:

Amount($)	Year of Expiry
8,000	2013
338,000	2014
275,000	2015
732,000	2016
719,000	2017
301,000	2018
63,000	2019
2,436,000	

(Expressed in Canadian Dollars)

10. RELATED PARTY TRANSACTIONS

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

i) During the year ended December 31, 2012, a total of $60,000 (2011 - $62,000), plus HST, was charged to the Company by an officer of the Company for management consulting fees. Included in trade payables at December 31, 2012 is $22,150 (2011 - $32,870) owed to the related party. Also included in trade payables at December 31, 2012 is $20,000 (2011 - $35,000) owed to a director that provided management consulting services to the Company during fiscal 2011. The amounts owing to and from the related parties are unsecured, non-interest bearing with no fixed terms of repayment.

ii) During the years ended December 31, 2012 and 2011, it was agreed that a director of the Company would provide the Company with free office space. Accordingly, the Company has recorded a benefit of $24,000 being the estimate of rent the Company would have paid on normal commercial terms, in each year. This expense was charged to rent and contributed surplus.

iii) *See also Note 6 – Shareholder Loans*

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

For the years ended December 31,	**2012**	2011
	($)	($)
Management, consulting and professional fees	**67,800**	135,333

11. SEGMENTED INFORMATION

At December 31, 2011, the Company's operations comprised a single reporting operating segment engaged in mineral exploration in Switzerland. All of the Company's computer hardware and software are located in Canada and all of the exploration equipment is located in Switzerland.

Cash of $295,719 (2011 - $32,000) is held in Canadian chartered banks, with the balance of $17,112 (2011 - $21,892) being held in Swiss chartered banks.

12. COMMITMENTS AND CONTINGENCIES

Environmental Contingencies
The Company's exploration activities are subject to various federal, cantonal 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.

Pursuant to recent permit requirements, a director, officer and principal shareholder of the Company has personally lodged a 500,000 CHF (Cdn$545,000) bank guarantee in connection with any potential reclamation costs to be incurred by the Company in connection with its claims in Switzerland.

See Note 13 (iii) – Subsequent Events

13. SUBSEQUENT EVENTS

i) IPO Completed

On April 11, 2013, the Company completed an initial public offering ("IPO") for gross proceeds of $2,000,000 with the issuance of 5,000,000 common shares at $0.40 per share. A director, officer and principal shareholder of the Company acquired a total of 3,500,000 common shares pursuant to the IPO for gross proceeds of $1,400,000. A cash commission of $70,000 was paid and a total of 350,000 broker warrants were issued to the Agent. Each broker warrant entitles the holder to purchase one common share at a price of $0.40 per share until April 11, 2015. On closing of the IPO, the 661,033 special warrants were automatically converted into 661,033 common shares. Listing and IPO expenses of $77,728 were expensed during 2012.

Additional IPO costs of $34,940 incurred in 2012 were classified as prepaid expenses at December 31, 2012, and will be charged against share capital as an issue cost. A total of 13,427,873 common shares held by principals of Aurania will be held in escrow and released as permitted by regulation. All special warrants issued on December 21, 2012 were qualified under the IPO and automatically converted into common shares on closing of the IPO. *See Note 8(c) – Special Warrants Financing.*

ii) Incentive Stock Options

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. Stock options granted generally vest 1/3 on granting and 1/3 on the first and second anniversary of the grant date.

On April 11, 2013, the Company granted incentive stock options, pursuant to its Plan, to its directors, officers and consultants to purchase up to 1,750,000 common shares, at $0.40 per common share, exercisable for a period of five years from the date granted.

iii) Service Costs and Consulting Agreements Commitments

Effective January 1, 2013, the Company entered into a service costs agreement with Geosource Exploration Inc. (a company of which a director who is also an officer of the Company, is the principal shareholder), ("Geosource"), at an annual cost of $180,000. If Geosource is provided 90 days' written notice by the Company of the Company's intention to terminate the agreement, and such termination would be effective within two years from April 11, 2013, then a one-time break fee of $75,000 would be payable to Geosource, in addition to any other amounts then owed.

The Company also entered into two annual consulting agreements dated January 1, 2013, with two officers of the Company for consulting fees of $60,000 (plus HST) per annum and CHF 545 (CDN $594) per diem, respectively. Early termination of these contracts requires 90 days' written notice by the party terminating the agreement therein.