AURANIA

AURANIA RESOURCES LTD.

CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS (Unaudited)

For the Six Months Ended June 30, 2013 and 2012

(Expressed in Canadian Dollars)

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AURANIA

MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL REPORTING and NOTICE TO READER

The accompanying unaudited condensed consolidated interim financial statements of Aurania Resources Ltd. (the "Company") for the six months ended June 30, 2013 are the responsibility of the Company's Management and have been prepared by Management and include the selection of appropriate accounting principles, judgments and estimates necessary to prepare these condensed consolidated interim financial statements in accordance with International Accounting Standard ("IAS") 34 *International Financial Reporting* using the accounting policies consistent with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board for condensed consolidated interim financial statements.

In accordance with National Instrument 51-102, Part 4, subsection 4.3(3)(a), if an auditor has not performed a review of the condensed consolidated financial statements, they must be accompanied by a notice indicating that the condensed consolidated interim financial statements have not been reviewed by an auditor. The Company's independent auditor has not performed a review of these condensed consolidated interim financial statements in accordance with the standards established by the Canadian Institute of Chartered Accountants for a review of condensed consolidated interim financial statements by an entity's auditor.

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

AS AT	**JUNE 30, 2013**	DECEMBER 31, 2012
	$	$
ASSETS		
Current		
Cash	**1,475,044**	312,831
Prepaid expenses and receivables	**18,016**	34,940
Total current assets	**1,493,060**	347,771
Non-current assets		
Equipment *(Note 5)*	**906**	3,048
Total assets	**1,493,966**	350,819
LIABILITIES AND SHAREHOLDERS' EQUITY		
Current liabilities		
Trade and other payables *(Note 11)*	**371,884**	208,524
Total liabilities	**371,884**	208,524
SHAREHOLDERS' EQUITY		
Share capital (*Note 9*)	**229**	171
Share premium *(Note 9)*	**5,487,897**	3,477,907
Warrants (*Note 9)*	**73,500**	310,745
Contributed surplus	**278,844**	48,000
Deficit	**(4,718,388)**	(3,694,528)
Total shareholders' equity	**1,122,082**	142,295
Total liabilities and shareholders' equity	**1,493,966**	350,819

Nature of operations and business continuance (*Note 1)*

Commitments and contingencies *(Notes 6, 13)*

Subsequent events (Note 14)

APPROVED BY THE BOARD:

Signed, "Marvin K. Kaiser", Director

Signed, "Keith M. Barron", Director

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

AURANIA RESOURCES LTD.

CONDENSED CONSOLIDATED INTERIM STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY (Unaudited)

(*Expressed in Canadian Dollars)*

	ISSUED CAPITAL		RESERVES				
	Common Shares #	**Share Capital $ *(Note 9(a))***	**Share Premium $**	**Warrants $**	**Contributed Surplus $**	**Accumulated Deficit $**	**Total Shareholders' Equity $**
Balance, December 31, 2011	**10,901,740**	**110**	**2,400,540**	**-**	**24,000**	**(3,368,696)**	**(944,046)**
Common shares issued pursuant to private placement *(Note 9(b)(i))*	10,000	-	1,500	-	-	-	1,500
Common shares issued for settlement of shareholder loans *(Notes 7,9(b)(ii))*	5,410,100	54	811,461	-	-	-	811,515
Rent benefit *(Note 11)*	-	-	-	-	12,000	-	12,000
Net (loss) for the period	-	-	-	-	-	(163,365)	(163,365)
Balance, June 30, 2012	**16,321,840**	**164**	**3,213,501**	**-**	**36,000**	**(3,532,061)**	**(282,396)**
Common shares issued for settlement of shareholder loans *(Notes 7,9(b)(ii))*	661,033	7	264,406	-	-	-	264,413
Warrants *(Note 9(c))*	-	-	-	310,745	-	-	310,745
Rent benefit *(Note 11)*	-	-	-	-	12,000	-	12,000
Net (loss) for the period	-	-	-	-	-	(162,467)	(162,467)
Balance, December 31, 2012	**16,982,873**	**171**	**3,477,907**	**310,745**	**48,000**	**(3,694,528)**	**142,295**
Common shares issued pursuant to IPO *Note (9(d))*	5,000,000	50	1,999,950	-	-	-	2,000,000
Common shares issued for exercise of warrants *(Note 9(c))*	776,862	8	310,737	(310,745)	-	-	-
Stock based compensation valuation *(Note 10)*	-	-	-	-	230,844	-	230,844
Value of broker warrants assigned (*Note 10)*	-	-	(73,500)	73,500	-	-	-
Share issue costs for IPO *(Note 9(d))*	-	-	(227,197)	-	-	-	(227,197)
Net (loss) for the period	-	-	-	-	-	(1,023,860)	(1,023,860)
Balance, June 30, 2013	**22,759,735**	**229**	**5,487,897**	**73,500**	**278,844**	**(4,718,388)**	**1,122,082**

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

AURANIA RESOURCES LTD.

CONDENSED CONSOLIDATED INTERIM STATEMENTS OF LOSS AND COMPREHENSIVE LOSS (Unaudited)

(*Expressed in Canadian Dollars)*

	Six months ended June 30,		Three months ended June 30,	
	2013	2012	**2013**	2012
	$	$	**$**	$
Expenses:				
Bank charges and interest	**1,237**	631	**710**	315
Depreciation	**2,142**	3,189	**925**	1,515
Exploration expenditures *(Note 6)*	**424,911**	34,737	**382,847**	10,524
Insurance	**3,085**	915	**2,700**	-
Investor relations	**20,598**	791	**6,679**	-
Office and general	**82,574**	12,569	**50,992**	6,391
Professional fees	**32,836**	37,774	**10,279**	53,431
Management and consulting fees	**45,150**	30,000	**33,150**	15,000
Regulatory and transfer agent fees	**21,776**	2,738	**5,477**	618
Stock based compensation	**230,844**	-	**230,844**	-
Total expenses	**865,153**	123,344	**724,603**	87,794
Other Expenses:				
Listing expenses *(Note 9(d))*	**151,569**	24,472	**55,651**	24,472
Loss on foreign exchange	**7,138**	15,549	**5,716**	1,629
Net loss and comprehensive loss for the period3	**1,023,860**	163,365	**785,970**	113,895
Basic and diluted loss per share	**$0.052**	$0.011	**$0.036**	$0.007
Weighted average common shares outstanding – basic and diluted	**19,550,367**	**15,517,759**	**22,061,433**	16,321,840

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

AURANIA RESOURCES LTD.

CONDENSED CONSOLIDATED INTERIM STATEMENTS OF CASH FLOWS (Unaudited)

Expressed in Canadian dollars

	Six months ended June 30,	
	2013	2012
	$	$
Cash flows from the following activities:		
Operating		
Net (loss) for the period	**(1,023,860)**	(163,365)
Non-cash items:		
Depreciation	**2,142**	3,189
Stock based compensation	**230,844**	-
Rent benefit	**-**	12,000
Net change in non-cash working capital (*Note 8)*	**180,284**	(264,387)
Net cash used in operating activities	**(610,590)**	(412,563)
Investing		
Equipment expenditures	**-**	-
Financing		
Issuance of shares for IPO	**2,000,000**	-
Share issue costs for IPO	**(227,197)**	-
Shareholder loans *(Note 7(ii))*	**-**	407,849
Issuance of shares for private placement	**-**	1,500
Net cash provided by financing activities	**1,772,803**	409,349
Increase (decrease) in cash	**1,162,213**	(3,214)
Cash – beginning of period	**312,831**	53,892
Cash – end of period	**1,475,044**	50,678

Supplemental Information *(Note 8)*

The accompanying notes are an integral part of these condensed consolidated interim 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 ("AVS"), the Company is engaged in the exploration and development of certain exploration property interests in Switzerland (the "Property Interests"), more particularly described in *Note 6*.

The registered head office of the Company is located at 31 Victoria Street, Hamilton, HM10, Bermuda. These unaudited condensed consolidated interim financial statements of the Company for the period were approved and authorized for issue by the Board of Directors on August 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 opeations. The Company's continuing existence is dependent upon the discovery of economically recoverable resources, securing and maintaining title to and beneficial interest in the 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 Property Interests under government-granted permits and has not yet determined whether these interests contain resources that are economically recoverable. The 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 Property Interests on which it is conducting exploration, in accordance with industry standards for the current stage of exploration of such property interests, these procedures do not guarantee the Company's title. Property title may be subject to unregistered prior agreements and non-compliance of regulatory requirements.

At June 30, 2013, the Company had cash of $1,475,044 and current liabilities of $371,884 ($312,831 cash and $208,524 of current liabilities at December 31, 2012). Further at period end, the Company had an accumulated deficit of $4,718,388 and working capital of $1,121,176 (compared to a deficit of $3,694,528 and working capital of $139,247 at December 31, 2012).

On April 11, 2013, the Company completed an Initial Public Offering ("IPO") with the issuance of 5,000,000 common shares for gross proceeds of $2,000,000. However, the Company's ability to continue operations and fund its future exploration property expenditures is still dependent on management's ability to secure additional financing in the future. While it has been recently successful in doing so, there can be no assurance it will be able to do so in the future. 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 condensed consolidated interim 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.

These unaudited condensed consolidated interim financial statements have been prepared in accordance with International Accounting Standard 34, Interim Financial Reporting. Accordingly, they do not include all of the information required for full annual financial statements required by IFRS as issued by IASB and interpretations issued by IFRIC.

These unaudited condensed consolidated interim financial statements should read in conjunction with the consolidated financial statements of the Company for the year ended December 31, 2012.

2. SIGNIFICANT ACCOUNTING POLICIES, Continued

a) Statement of compliance, continued

The policies applied in these unaudited condensed consolidated interim financial statements are based on IFRS policies issued and outstanding as of the date the Board of Directors approved the statements. The same accounting policies and methods of computation are followed in these unaudited condensed consolidated interim financial statements are those applied in Note 2 of the Company's most recent audited annual consolidated financial statements for the year ended December 31, 2012 and have been consistently applied throughout all periods presented, as if these policies had always been in effect, except as described in Note 3 herein. Any subsequent changes to IFRS that are given effect in the Company's annual financial statements for the year ending December 31, 2013 could result in restatement of these unaudited condensed consolidated interim financial statements.

b) Basis of presentation

These condensed consolidated interim financial statements have been prepared on a historical cost basis using the accrual basis of accounting except for cash flow information. All amounts have been expressed in Canadian dollars, the functional currency, unless otherwise stated and CHF represents Swiss francs.

c) Basis of consolidation

These condensed consolidated interim financial statements incorporate the financial statements of the Company and its wholly-owned subsidiary AVS, incorporated under the laws of Switzerland. All intercompany transactions, balances, income and expenses are eliminated upon consolidation.

3. CHANGES IN ACCOUNTING POLICIES

The Company has adopted the following new and revised standards, along with any consequential amendments, effective January 1, 2013. These changes were made in accordance with the applicable transitional provisions:

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.

The Company conducted a review of the new standard and determined that the adoption of IFRS 10 did not result in any material change to the condensed consolidated interim financial statements.

IFRS 11 – *Joint Arrangements* ("IFRS 11") was issued by the IASB in May 2011 and will replace IAS 31 *Interest in Joint Ventures* and SIC 13 *Jointly Controlled Entities – Non-Monetary Contributions by Venturers*. 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: joint operations and joint ventures. A joint operation exists when the parties have rights to the assets and obligations for the liabilities of a joint arrangement. A joint venture exists when the parties have rights to the net assets of a joint arrangement. Assets, liabilities, revenues and expenses in a joint operation are accounted for in accordance with the arrangement. Joint ventures are accounted for using the equity method.

The Company conducted a review of the new standard and determined that the adoption of IFRS 11 did not result in any material change to the condensed consolidated interim financial statements.

3. CHANGES IN ACCOUNTING POLICIES, Continued

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 requires enhanced disclosure about both consolidated entities and unconsolidated entities in which the Company has an interest.

The Company conducted a review of the new standard and determined that the adoption of IFRS 12 did not result in any material change to the condensed consolidated interim financial statements.

IFRS 13- *Fair Value Measurement* ("IFRS 13"), provides the guidance on the measurement of fair value and related disclosures through a fair value hierarchy. IFRS 13 does not change the requirements regarding which items should be measured or disclosed at fair value.

The Company conducted a review of the new standard and determined that the adoption of IFRS 13 did not result in any material change to the condensed consolidated interim financial statements.

IAS 1 - *The Presentation of Financial Statements* ("IAS 1") has adopted amendments to IAS 1 effective January 1, 2013. These amendments required the Company to group other comprehensive income items by those that will be reclassified subsequently to profit or loss and those that will not be reclassified.

The Company conducted a review of the new standard and determined that the adoption of IAS 1 did not result in any material change to the condensed consolidated interim financial statements.

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 have 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 Company conducted a review of the amendments to IAS 28 and determined that the amendments did not result in any material change to the condensed consolidated interim financial statements.

New Accounting Standards Issued But Not Yet Effective

The following have not yet been adopted and are still being evaluated to determine the impact, in any, on the Company's condensed consolidated interim financial statements:

IFRS 9 - *Financial Instruments* ("IFRS 9") introduces new requirements for the classification, measurement and derecognition of financial assets and financial liabilities. Specifically, IFRS 9 requires all recognized financial assets that are within the scope of IAS 39 *Financial Instruments*: *Recognition and Measurement* to be subsequently measured at amortized cost or fair value. The IASB has issued an amendment to IFRS 9 *Financial Instruments* ("IFRS 9"), which changes the effective date of IFRS 9 (2009) and IFRS 9 (2011), so that IFRS 9 is required to be applied for annual periods beginning on or after January 1, 2015, with early application permitted. This amendment was released in connection with IFRS 7 *Financial Instruments: Disclosures – Transition Disclosures* ("IFRS 7") which outlines that, with the amendments to IFRS 9, entities applying IFRS 9 do not need to restate prior periods but are required to apply modified disclosures.

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.

4. CAPITAL AND FINANCIAL RISK MANAGEMENT

Capital management

The Company considers the capital that it manages, as share capital, share premium, warrants, and contributed surplus reserves, and deficit, which at June 30, 2013 totaled $1,122,082 and at December 31, 2012 totaled $142,295. 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 property interests. 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 period.

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 period.

a) Credit risk

Credit risk is the risk of an unexpected loss if a third party to a financial instrument fails to meet its contractual obligations. The Company has no significant concentration of credit risk arising from its operations. Cash is held at select Canadian 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.

At June 30, 2013, the Company had $1,475,044 in cash to settle $371,884 of current liabilities ($312,831 in cash to settle current liabilities of $208,524 at December 31, 2012). On April 11, 2013, the Company completed an IPO for gross proceeds of $2,000,000 with the issuance of 5,000,000 common shares.

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.

4. CAPITAL AND FINANCIAL RISK MANAGEMENT, Continued

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 and Euros and are therefore subject to gains or losses due to fluctuations in these currencies. Management believes that the foreign exchange risk derived from currency conversions is best served by not hedging its foreign exchange risk. At June 30, 2013 and December 31, 2012 the Company's exposure to foreign currency risk with respect to amounts denominated in these foreign currencies was substantially as follows:

In Canadian $ equivalents	**June 30, 2013**	December 31, 2012
Cash	**$32,254**	$17,113
Accounts payable and accrued liabilities	**(63,027)**	(17,235)
Net position	**$(30,773)**	$(122)

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 property interests and the future profitability of the Company is directly related to the market price of gold, uranium, and certain other metals.

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. At June 30, 2013 and December 31, 2012, 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.

e) Sensitivity analysis

At June 30, 2013 and December 31, 2012, both the carrying and fair value amounts of the Company's financial instruments are approximately equivalent due to their short-term nature. The Company believes that a 10% strengthening of the Canadian Dollar against the Swiss Franc and Euro at period end would have increased the net position of the Company by $3,077 (at December 31, 2012 by $12). A 10% weakening of the Canadian dollar against the same would have had an equal but opposite effect.

(Expressed in Canadian Dollars)

5. EQUIPMENT

Equipment consists of the following:

	Cost ($)	Accumulated Depreciation ($)	Net June 30, 2013 ($)	Net December 31, 2012 ($)
Computer equipment	3,285	3,285	-	290
Computer software	4,234	4,234	-	-
Exploration equipment	16,184	15,278	**906**	2,158
Total	**23,703**	**22,797**	**906**	3,048

6. EXPLORATION EXPENDITURES

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

	Cumulative Balance, December 31, 2011 $	Additions/ Expensed $	Cumulative Balance, June 30, 2012	Additions/ Expensed/ Adjustments $	Cumulative Balance December 31, 2012 $	Additions/ Expensed $	Cumulative Balance June 30, 2013 $ (1)
Siviez Project							
Geology field studies	708,995	3,128	712,123	-	712,123	349	**712,472**
Geophysics	122,937	-	122,937	-	122,937	-	**122,937**
Property maintenance	17,734	1,020	18,754	(137)	18,617	-	**18,617**
Technical studies	25,428	-	25,428	-	25,428	-	**25,428**
Environment study	38,784	-	38,784	-	38,784	-	**38,784**
	913,878	4,148	918,026	(137)	917,889	349	**918,238**
Marécottes Project							
Geology field studies	475,452	485	475,937	(320)	475,617	-	**475,617**
Geophysics	67,644	-	67,644	256	67,900	-	**67,900**
Property maintenance	13,684	1,020	14,704	(137)	14,567	-	**14,567**
Technical studies	24,807	-	24,807	-	24,807	-	**24,807**
	581,587	1,505	583,092	(201)	582,891	-	**582,891**
Mont Chemin Project							
Geology field studies	246,072	23,646	269,718	5,757	275,475	54,576	**330,051**
Geophysics	89,692	-	89,692	46	89,738	-	**89,738**
Drill program	-	-	-	-	-	369,221	**369,221**
Property, permit maintenance	14,632	5,438	20,070	(821)	19,249	765	**20,014**
Technical studies	34,034	-	34,034	9,539	43,573	-	**43,573**
	384,430	29,084	413,514	14,521	428,035	424,562	**852,597**
	1,879,895	**34,737**	**1,914,632**	**14,183**	**1,928,815**	**424,911**	**2,353,726**

(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 reserves, in which case, subsequent exploration costs and the costs incurred to develop a property are capitalized into property, plant, equipment and development assets.

Switzerland

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

6. EXPLORATION EXPENDITURES, Continued

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.

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.

Pursuant to a ruling of the Department of Transports, Equipment and Environment of Canton, entered into force on 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 (as extended);
- settlement of the annual taxes in the amount of approximately CHF600 per permit;

In addition, 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 keep valid the Mont Chemin and the Marécottes exploration permits, the Company must demonstrate that it has adequate funding to complete an aggregate of 4000 m of drilling as follows:

➢ 2500m 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 June 30, 2014 (this is in addition to the 500m of drilling on the Mont Chemin Project to be completed in 2013); and
➢ 1500m of drilling to be completed on the Siviez exploration permit on or before June 24, 2014 with a right to request an extension until June 30, 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.

Permit Renewals/Update

In July 2013, the Company completed 1400m of drilling on the Mont Chemin Project. Subsequent to completing this work program, the Board approved a 700m drill program for the Siviez Project. During the period, the Company applied to the Canton to request an extension for the Mont Chemin Permit, until 2014, in order to comply with the drilling requirements of the Permits. Although Management is confident it will be successful in obtaining the extension, there is no assurance of this.

7. 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.

From January 1, 2012 to March 22, 2012 the same Lender advanced a final $279,532 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 June 2012, the same Lender advanced $128,318 ("Advances 3") to the Company, also to fund working capital and reduce trade payables. From July 2012 to September 2012 the same Lender advanced a final $136,095 to the Company for working capital ("Advances 4").

(Expressed in Canadian Dollars)

7. SHAREHOLDER LOANS, Continued

On December 21, 2012, the Company agreed to issue 661,033 common shares, valued at $0.40 per common share, to the Lender in full settlement of Advances 3 and 4.

8. SUPPLEMENTAL CASH FLOW INFORMATION

	Six months ended June 30,	
	2013	2012
	$	$
Net changes in non-cash working capital:		
Prepaid expenses and receivables	**16,924**	(3,775)
Accounts payable and accrued liabilities	**163,360**	(260,612)
	180,284	(264,387)
Interest and corporate taxes paid	**-**	-
Common shares issued for settlement of debt	**-**	811,515
Broker warrants issued for services	**73,500**	-

9. SHARE CAPITAL

a) **Authorized share capital** at June 30, 2013 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 June 30, 2013 is 22,759,735 (16,982,873 at December 31, 2012). See *Note 9(e) Shares Held In Escrow below*.

i) On March 21, 2012, the Company completed a private placement for 10,000 common shares for proceeds of $1,500 or $0.15 per share.

ii) On March 21, 2012 the Company agreed to issue 5,410,100 common shares to a company controlled by a director, officer and principle shareholder in settlement of $811,515 of loans made to the Company. *See Note 7 Shareholder Loans.* The value of the shares was based on the value of the private placement financing that closed on March 21, 2012 *(Note 9(b)(i)).*

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 $264,313 of loans made to the Company from May to December 2012. See *Note 7 Shareholder Loans.*

c) **Special warrants offering** - On December 21, 2012 the Company completed an Offering for 776,862 special warrants at $0.40 per warrant, for gross proceeds of $310,745. Each special warrant entitled the holder to automatically receive, for no additional consideration and without further action by the holder, one common share for each special warrant held. These warrants were qualified under the IPO that was completed on April 11, 2013 and the warrants were therefore automatically converted into 776,862 common shares, on that date.

d) **IPO –** On April 11, 2013, the Company issued 5,000,000 common shares, at $0.40 per share for gross proceeds of $2,000,000, pursuant to the IPO. A total of $144,406 was deducted from the gross proceeds for agent's fees, agent's legal fees and disbursements and HST. An additional $82,791 has been capitalized to share issue costs on account of other professional and regulatory fees incurred in relation to completing the IPO (bringing total share issue costs to

(Expressed in Canadian Dollars)

9. SHARE CAPITAL, Continued

$227,197). Expenses of $151,569 and $55,651 were recorded as listing expenses, for the six and three months periods ended June 30, 2013, respectively, on account of professional and regulatory fees incurred in relation to listing the Company's common shares on the TSX Venture Exchange. A total of $24,472 was charged for listing expenses in the same periods in 2012. Broker warrants were also issued to the agent for services rendered, in connection with completing the IPO - See *Note 10(ii)) - Stock Based Compensation.*

e) **Shares held in escrow –** in accordance with National Policy 46-201 a total of 13,427,873 common shares, owned or controlled by the Company's principals, were deposited into escrow, to be automatically time-released over the 36 month period following the Listing Date (April 17, 2013).

10. STOCK BASED COMPENSATION

The Company maintains a stock option plan (the "Plan") for the benefit of directors, officers, employees and consultants. The maximum number of common shares reserved for issuance with respect to the Plan cannot exceed 10% of the issued and outstanding common shares of the Company at the date of grant. Stock options granted generally vest 1/3 annually.

(i) On April 11, 2013, the Company granted 1,750,000 stock options to directors, officers and consultants. Each option is exercisable to acquire one common share at a price of $0.40. These options mature on April 11, 2018, and vest as follows: 1/3 on the grant date, 1/3 on April 11, 2014 and the remaining 1/3 on April 11, 2015. The value of $521,184 assigned to the options was calculated using the Black-Scholes option pricing model using the following assumptions: expected forfeiture rate of 0%, expected dividend yield of 0%, expected volatility of 100%, a risk-free interest rate of 1.24% and an expected life of 5 years. A charge of only $230,844 has been expensed to reflect the fair value of the 1/3 stock options that vested on the grant date.

(ii) On April 11, 2013, pursuant to the terms of the IPO, 350,000 broker warrants were granted to the agent as part of the agent's compensation. Each broker warrant is exercisable to acquire one common share at a price of $0.40 and matures on April 11, 2015. The value of $73,500 assigned to the broker warrants was calculated using the Black-Scholes option pricing model using the following assumptions: expected forfeiture rate of 0%, expected dividend yield of 0%, expected volatility of 100%, a risk-free interest rate of .94% and an expected life of two years. This amount was capitalized to share issue costs.

The following summarizes the stock option and broker warrant activities during the period and the number of stock options and broker warrants outstanding at June 30, 2013:

	Number of Options/ Warrants	**Weighted Average Exercise Price**	**Estimated Fair Value at Grant/Issue Date**
Balance – December 31, 2011 and 2012	**-**	**$-**	$-
Granted – Stock options *(Note 10(i))*	1,750,000	$0.40	$521,184
Granted – Broker warrants *(Note 10(ii))*	350,000	$0.40	$73,500
Outstanding at June 30, 2013	**2,100,000**	**$0.40**	$594,684

(Expressed in Canadian Dollars)

10. STOCK BASED COMPENSATION, Continued

The following summarizes the stock options/broker warrants outstanding at June 30, 2013:

Exercisable Number of Options and Warrants	Exercise Price	Expiry Date	Estimated Fair Value at Grant/Issue Date
583,333	$0.40	April 11, 2018	$230,844
350,000	$0.40	April 11, 2015	$73,500
933,333			**$304,344**

The weighted average contractual life remaining for broker warrants and options as at June 30, 2013 is 4.21 years. The above stock options and broker warrants were not included in the computation of diluted net loss per share as they are anti-dilutive.

Option-pricing models require the use of highly subjective estimates and assumptions including the expected stock price volatility. Volatility is based on the historical volatility of comparable companies. Changes in the underlying assumptions described in Notes 10(i) and (ii) can materially affect the fair value estimates.

11. RELATED PARTY TRANSACTIONS

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

i) During the six months ended June 30, 2013 a total of $94,778 (2012 - $39,454) was charged to the Company by the CFO and Chief Geologist on account of management and technical consulting fees. Included in the accounts payable and accrued liabilities at June 30, 2013 was $23,144 (December 31, 2012 - $27,327) due and owing to these two officers the Company for providing such services.

During the three months ended June 30, 2013 a total of $46,468 (2012 - $22,504 at December 31, 2012) was charged to the Company by the CFO and Chief Geologist, for management and technical consulting fees.

All technical consulting fees are charged to exploration expenses.

ii) Commencing April 2013, non-management directors are entitled to annual directors' fees of $15,000. Included in accounts payable and accrued liabilities at June 30, 2013 is $11,250 for three months' unpaid directors' fees for the period ended June 30, 2013.

iii) During 2012, it was agreed that a company controlled by a director of the Company would provide the Company with free office space. Accordingly, the Company recorded a benefit of $6,000 in each quarter, being the estimate of rent the Company would have paid on normal commercial terms. This expense was charged to rent and contributed surplus. Effective January 1, 2013 the Company entered into a service costs agreement with the same company to provide services such as office space(s), administration, communications and vehicle usage. A total of $90,000 and $45,000 respectively was paid to the services company for the six months and three months periods ended June 30, 2013. S*ee Note 13 – Commitments and Contingencies.*

iv) IPO Participation – Dr. Keith Barron subscribed for 3,500,000 common shares of the recent IPO, for subscription proceeds of $1,400,000. As at June 30, 2013, Dr. Barron retains beneficial ownership of 62% of the Company's share capital.

v) See *Note 7 - Shareholder Loans and Note 13 – Commitments and Contingencies*

12. SEGMENTED INFORMATION

At June 30, 2013, 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 Company's exploration equipment is located in Switzerland. Cash of $1,442,789 (December 31, 2012 - $295,719) is held in Canadian chartered banks, with the balance of $32,255 (December 31, 2012 - $17,112) being held in Swiss chartered banks.

13. 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 permit requirements, a director, officer and principal shareholder of the Company has personally lodged a 500,000 CHF Bank Guarantee (Cdn$556,050) in connection with any potential reclamation costs to be incurred by the Company in connection with its claims in Switzerland (*Note 6*).

Service Costs and Consulting Agreements

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 principal shareholder, ("Geosource"), at an annual cost of $180,000. This agreement may be terminated by the Company with 90 days' written notice provided to Geosource, of the Company's intention to terminate the agreement. However, should such termination be effective within two years from April 11, 2013 (the date of completion of the Company's IPO) 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 annual consulting agreements dated January 1, 2013, with two officers of the Company for consulting fees of $60,000 per annum (plus applicable taxes) and CHF 545 per diem, respectively. Early termination of these contracts requires 90 days' written notice by the Party terminating the agreement therein.

14. SUBSEQUENT EVENTS

Incentive Stock Options

On July 13, 2013, the Company granted incentive stock options, pursuant to its Plan, to:

a) A financial consultant, to purchase up to 80,000 common shares, at $0.40 per common share. These stock options vested immediately and are exercisable for a period of three years from the grant date; and

b) An administrative consultant, to purchase up to 30,000 common shares, at $0.40 per common share. These stock options vest over two years and are exercisable for a period of five years from the grant date.

Permit Renewals/Update - See *Note 6 – Exploration Expenditures*