AURANIA

AURANIA RESOURCES LTD.

CONSOLIDATED FINANCIAL STATEMENTS

Years Ended December 31, 2014 and 2013

(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, 2014 and 2013, and the consolidated statements of changes in shareholders' equity, 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, 2014 and 2013, and their financial performance and cash flows for the years then ended in accordance with International Financial Reporting Standards.

Emphasis of Matter

Without qualifying our opinion, we draw attention to Note 1 in the consolidated financial statements which indicates that the Company had a cumulative deficit as at December 31, 2014. These conditions along with other matters set forth in Note 1 indicate the existence of a material uncertainty that may cast significant doubt about the Company's ability to continue as a going concern.

McGOVERN, HURLEY, CUNNINGHAM, LLP

McGovern, Hurley, Cunningham, LLP

Chartered Accountants
Licensed Public Accountants

TORONTO, Canada
April 24, 2015

AURANIA RESOURCES LTD.

CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

(*Expressed in Canadian Dollars*)

AS AT DECEMBER 31,	2014	2013
	$	$
ASSETS		
Current		
Cash	**211,340**	892,486
Prepaid expenses and receivables	**2,857**	5,260
Total current assets	**214,197**	897,746
Total assets	**214,197**	897,746
LIABILITIES		
Current		
Trade and other payables *(Note 9)*	**34,367**	234,106
Total liabilities	**34,367**	234,106
SHAREHOLDERS' EQUITY		
Share capital (*Note* 6)	**229**	229
Share premium	**5,485,705**	5,485,705
Warrants *(Notes 6,7)*	**73,500**	73,500
Contributed surplus	**570,952**	432,127
Deficit	**(5,950,556)**	(5,327,921)
Total shareholders' equity	**179,830**	663,640
Total liabilities and shareholders' equity	**214,197**	897,746

Nature of operations and business continuance (*Note 1)*
Commitments and contingencies *(Notes 4, 11)*
Subsequent event *(Note 12)*

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

(*Expressed in Canadian Dollars*)

	ISSUED CAPITAL			RESERVES			
	Common Shares #	**Share Capital $**	**Share Premium $**	**Warrants $**	**Contributed Surplus $**	**Accumulated Deficit $**	**Total Shareholders' Equity $**
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 6(b)(i)*)	5,000,000	50	1,999,950	-	-	-	2,000,000
Common shares issued for exercise of warrants (*Note 6(b)(ii)*)	776,862	8	310,737	(310,745)	-	-	-
Stock-based compensation *(Note 7)*	-	-	-	-	384,127	-	384,127
Value of broker warrants assigned (*Note 7)*	-	-	(73,500)	73,500	-	-	-
Share issue costs (*Note 6(b)(i))*	-	-	(229,389)	-	-	-	(229,389)
Net (loss) for the year	-	-	-	-	-	(1,633,393)	(1,633,393)
Balance, December 31, 2013	**22,759,735**	**229**	**5,485,705**	**73,500**	**432,127**	**(5,327,921)**	**663,640**
Stock-based compensation *(Note 7)*	-	-	-	-	138,825	-	138,825
Net (loss) for the year	-	-	-	-	-	(622,635)	(622,635)
Balance, December 31, 2014	**22,759,735**	**229**	**5,485,705**	**73,500**	**570,952**	**(5,950,556)**	**179,830**

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,	2014	2013
	$	$
Expenses		
Bank charges and interest	**2,124**	2,130
Depreciation	**-**	3,048
Exploration expenditures *(Note 4)*	**75,414**	699,780
Insurance	**10,846**	8,522
Investor relations	**35,715**	39,166
Office and general	**154,714**	118,461
Professional fees	**39,886**	70,920
Management and directors' fees *(Note 9)*	**127,800**	105,500
Regulatory fees and transfer agent	**38,123**	45,277
Stock-based compensation (*Note 7)*	**138,825**	384,127
Travel	**1,336**	466
Total expenses	**624,783**	1,477,397
Other expenses/income:		
Interest income	**(2,363)**	(5,013)
Loss on foreign exchange	**215**	9,440
Listing expenses *(Note 6(b)(i))*	**-**	151,569
Loss and comprehensive loss for the year	**622,635**	1,633,393
Basic and diluted loss per share	**$0.027**	$0.077
Weighted average common shares outstanding Basic and diluted	**22,759,735**	21,172,685

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,	2014	2013
	$	$
Cash flows from the following activities:		
Operating		
(Loss) for the year	**(622,635)**	(1,633,393)
Non-cash items:		
Depreciation	**-**	3,048
Stock-based compensation *(Note 7)*	**138,825**	384,127
Net change in non-cash working capital (*Note 5)*	**(197,336)**	20,322
Net cash used in operating activities	**(681,146)**	(1,225,896)
Financing		
Issuance of common shares *(Note 6(b(i))*	**-**	2,000,000
Share issue costs	**-**	(194,449)
Net cash provided by financing activities	**-**	1,805,551
(Decrease) increase in cash	**(681,146)**	579,655
Cash – beginning of year	**892,486**	312,831
Cash – end of year	**211,340**	892,486

Supplemental cash flow information *(Note 5)*

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. On February 18, 2011, the Corporation was extra-provincially registered in the Province of Ontario. The registered head office of the Company is located at 31 Victoria Street, Hamilton, HM10, Bermuda.

These consolidated financial statements for the years ended December 31, 2014 and 2013 were approved and authorized for issue by the Board of Directors on April 24, 2015.

Aurania Resources Ltd. is a junior exploration mining company focused on the discovery, development and mining of economically viable precious metal mineral resources. Through its 100% wholly-owned subsidiary AuroVallis Sàrl, the Company is currently engaged in the exploration and development of certain exploration property interests in Switzerland, more particularly described in *Note 4 (the "Properties")*.

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 reserves and 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.

The Company is exploring the Properties under government-granted permits and has not yet determined whether these Properties contain reserves that are economically recoverable. The Properties 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, 2014, the Company had cash of $211,340 (2013 - $892,486) and current liabilities of $34,367 (2013 - $234,106). Further, the Company had a cumulative deficit of $5,950,556 (2013 - $5,327,921) and working capital of $179,830 (2013 - $663,640).

During the year ended December 31, 2014, the Company did not complete any public financings and continued to draw down on the $2,000,000 raised (gross proceeds) during fiscal 2013.

The Company's ability to continue operations and fund its future exploration property expenditures is highly dependent on management's ability to secure additional financing. Management acknowledges that 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. 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. As a result of the financial matters discussed in the preceding paragraphs, there is a material uncertainty that results in significant doubt regarding the ultimate applicability of the Company's going concern assumption.

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.

(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. All amounts have been expressed in Canadian dollars, the functional currency, unless otherwise stated and CHF represents Swiss francs.

(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 consist of entities over which the Company is exposed to, or has rights to, variable returns as well as the ability to affect those returns through the power to direct the relevant activities of the entity. Subsidiaries are fully consolidated from the date control is transferred to the Company and are de-consolidated from the date control ceases. The financial statements include all the assets, liabilities, revenues, expenses and cash flows of the Company and its subsidiary after eliminating inter-entity balances and transactions.

(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, 2014 and 2013. 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.

2. SIGNIFICANT ACCOUNTING POLICIES, Continued

(d) Significant accounting judgments and estimates, Continued

Income taxes and recoverability of potential deferred tax assets

The Company is subject to income and other taxes in various jurisdictions. Significant judgment is required in determining the Company's provisions for taxes. There are many transactions and calculations for which the ultimate tax determination is uncertain during the ordinary course of business. The Company recognizes liabilities for anticipated tax audit issues based on estimates of whether additional taxes will be due. The determination of the Company's income and other tax liabilities requires interpretation of complex laws and regulations often involving multiple jurisdictions. The Company's interpretation of taxation law as applied to transactions and activities may not coincide with the interpretation of the tax authorities. All tax filings are subject to audit and potential reassessment subsequent to the financial statement reporting period. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will impact the tax related accruals and deferred income tax provisions in the period in which such determination is made. Any estimates for value added and withholding taxes have been included in accounts payable and accrued liabilities.

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 - Note 11.

(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, 2014 and 2013.

(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").

<u>Financial assets</u>

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, 2014 and 2013, 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, 2014 and 2013, 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

Financial liabilities

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 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, 2014 and 2013, 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, 2014 and 2013, 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, 2014 and 2013.

(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 average 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 and options were converted into common shares. In order to determine diluted loss per share, any proceeds from the exercise of dilutive warrants and options 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 periods presented does not include the effect of the warrants and options 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 granted a total of 1,860,000 stock options in 2013 – *Note 7 - Stock-based compensation.*

(n) Income taxes

Income tax 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.

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.

2. SIGNIFICANT ACCOUNTING POLICIES, Continued

(o) Changes in Accounting Policies

The Company has adopted the following new and revised standards, along with any consequential amendments, effective January 1, 2014. These changes were made in accordance with the applicable transitional provisions. The nature and effect of the changes are explained below.

(i) **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.

The Company conducted a review of the amendment to this standard and determined that it did not result in any material change to the consolidated financial statements.

(ii) **IFRIC 21 -** *Levies* ("IFRIC 21") sets out the accounting for an obligation to pay a levy that is not income tax. The interpretation addressed what the obligating event is that gives rise to pay a levy and when should a liability be recognized.

The Company conducted a review of this standard and determined that it did not result in any material change to the consolidated financial statements.

(iii) **IAS 39** - *Financial Instruments: Recognition and Measurement* ("IAS 39") was amended by the IASB in June 2013 to clarify that novation of a hedging derivative to a clearing counterparty as a consequence of laws or regulations or the introduction of laws or regulations does not terminate hedge accounting. The amendments to IAS 39 are effective for annual periods beginning on or after January 1, 2014.

The Company conducted a review of the amendments to this standard and determined that it did not result in any material change to the consolidated financial statements.

(p) New Accounting Standards Issued But Not Yet Effective

Certain pronouncements were issued by the IASB or the IFRIC that are mandatory for accounting periods on or after January 1, 2015 or later periods. Many are not applicable or do not have a significant impact to the Company and have been excluded. The following have not yet been adopted and are being evaluated to determine their impact on the Company.

IFRS 8 - Operating Segments ("IFRS 8") was amended to require an entity to disclose the judgments made by management in aggregating segments. IFRS 8 was also amended to clarify that an entity needs to present reconciliation between the total reporting segment's assets to the entities' total assets if this information is usually provided to the chief operating decision maker. The amendments are effective for annual periods beginning on or after July 1, 2014.

IFRS 9 - Financial Instruments ("IFRS 9") was issued by the IASB in November 2009 with additions in October 2010 and May 2013 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, except that an entity choosing to measure a financial liability at fair value will present the portion of any change in its fair value due to changes in the entity's own credit risk in other comprehensive income, rather than within profit or loss. 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, 2018. Earlier adoption is permitted.

2. SIGNIFICANT ACCOUNTING POLICIES, Continued

(p) New Accounting Standards Issued But Not Yet Effective, Continued

IFRS 10 - Consolidated Financial Statements ("IFRS 10") and IAS 28 – Investments in Associates and Joint Ventures ("IAS 28") were amended in September 2014 to address a conflict between the requirements of IAS 28 and IFRS 10 and clarify that in a transaction involving an associate or joint venture, the extent of gain or loss recognition depends on whether the assets sold or contributed constitute a business. The amendments are effective for annual periods beginning on or after January 1, 2016. Earlier adoption permitted.

IFRS 11 - Joint Arrangements ("IFRS 11") was amended in May 2014 to require business combination accounting to be applied to acquisitions of interests in a joint operation that constitute a business. The amendments are effective for annual periods beginning on or after January 1, 2016. Earlier adoption permitted.

IFRS 13 - Fair Value Measurement ("IFRS 13") was amended to clarify that the exception which allows fair value measurements of a group of financial assets and liabilities on a net basis applies to all contracts within the scope of IAS 39 or IFRS 9, regardless of whether they meet the definitions of financial assets or liabilities as defined in IAS 32. The amendment is effective for annual periods beginning on or after July 1, 2014.

IAS 1 - Presentation of Financial Statements ("IAS 1") was amended in December 2014 in order to clarify, among other things, that information should not be obscured by aggregating or by providing immaterial information, that materiality consideration apply to all parts of the financial statements and that even when a standard requires a specific disclosure, materiality considerations do apply. The amendments are effective for annual periods beginning on or after January 1, 2016. Earlier adoption permitted.

IAS 24 - Related Party Disclosures ("IAS 24") was amended to clarify that an entity providing key management services to the reporting entity or the parent of the reporting entity is a related party of the reporting entity. The amendments also require an entity to disclose amounts incurred for key management personnel services provided by a separate management entity. The amendments to IAS 24 are effective for annual periods beginning on or after July 1, 2014.

3. CAPITAL AND FINANCIAL RISK MANAGEMENT

Capital management

The Company considers the capital that it manages, as share capital, share premium, warrants, contributed surplus and deficit, which at December 31, 2014 totaled $179,830 (2013 - $663,640). 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 by a lending institution or regulatory body, other than those of the TSX Venture Exchange ("TSXV"), which requires adequate working capital or financial resources of the greater of (i) $50,000 and (ii) an amount required in order to maintain operations and cover general and administrative expenses for a period of six months.

There has been no change with respect to the overall capital risk management strategy during the years ended December 31, 2014 and 2013.

3. CAPITAL AND FINANCIAL RISK MANAGEMENT

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, 2014 and 2013.

(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.

As at December 31, 2014, the Company had $211,340 in cash to settle $34,367 of current liabilities ($892,486 in cash to settle current liabilities of $234,106 at December 31, 2013). Historically the Company has relied on private equity financings and loans from related parties to secure sufficient capital to allow the Company to meet its obligations. Working capital will continue to fluctuate until the Company has achieved profitable levels of operation and profitability will not occur within the next twelve months; therefore Management will need to raise additional funds in the upcoming year to finance corporate and exploration expenditures.

(c) Market risk

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

(i) Interest rate risk

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

(ii) Foreign currency risk

Certain of the Company's expenses are incurred in 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, 2014 and 2013, the Company's exposure to foreign currency risk with respect to amounts denominated in CHF, was substantially as follows:

	December 31,	
In Canadian $ equivalents	**2014**	2013
Cash	**$9,683**	$ 140,520
Trade and other accounts payable	**(5,254)**	(45,562)
Net exposure	**$ 4,429**	$ 94,958

3. CAPITAL AND FINANCIAL RISK MANAGEMENT, Continued

(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 volatility. The ability of the Company to develop its mineral properties and the future profitability of the Company is directly related to the market price of gold, uranium, and other metal commodities.

Commodity 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.

Commodity prices have fluctuated significantly in recent years. There is no assurance that these metals will be produced in the future or that a profitable market will exist for them. As of December 31, 2014 and 2013, the Company was not a metals commodity producer.

(e) Sensitivity analysis

As of December 31, 2014 and 2013, 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 $443 (2013 - $9,496). A 10% weakening of the Canadian dollar against the same would have had an equal but opposite effect.

4. EXPLORATION EXPENDITURES

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. This permit has been extended to June 30, 2015.

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. This permit has been extended to June 30, 2015.

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. This permit has been extended to June 30, 2015.

Permit Status

The key requirements imposed to maintain the Permits in good standing have all been satisfied except for the drilling obligations which have not been timely met. Accordingly, the area of the permits, at the discretion of the Canton Authority, may be reduced proportionately and the Company has the right to select the areas to be maintained.

(Expressed in Canadian Dollars)

4. EXPLORATION EXPENDITURES, Continued

Cumulative exploration expenditures related to the Properties are summarized as follows:

	Cumulative Balance, December 31, 2012 $	Additions/ Expensed $	Cumulative Balance December 31, 2013 $	Additions/ Expensed $ (1)	Cumulative Balance December 31, 2014 $
Siviez					
Geology field studies	712,123	7,946	720,069	28,858	**748,927**
Geophysics	122,937	-	122,937	-	**122,937**
Property maintenance	18,617	256	18,873	12,575	**31,448**
Technical studies	25,428	-	25,428	-	**25,428**
Drill program	-	189,186	189,186	(12,652)	**176,534**
Environment study	38,784	-	38,784	-	**38,784**
	917,889	197,386	1,115,277	28,781	**1,144,058**
Marécottes					
Geology field studies	475,617	-	475,617	4,429	**480,046**
Geophysics	67,900	-	67,900	-	**67,900**
Property maintenance	14,567	-	14,567	1,577	**16,144**
Technical studies	24,807	-	24,807	-	**24,807**
	582,891	-	582,891	6,006	**588,897**
Mont Chemin					
Geology field studies	275,475	82,905	359,380	49,123	**407,503**
Geophysics	89,738	-	89,738	-	**89,738**
Drill program	-	418,705	418,705	(21,305)	**397,400**
Property, permit maintenance	19,249	784	20,033	12,809	**32,842**
Technical studies	43,573	-	43,573	-	**43,573**
	428,035	502,394	930,429	40,627	**971,056**
	1,928,815	**699,780**	**2,628,597**	**75,414**	**2,704,011**

(1) The negative numbers for drilling are a result of the Company's derecognition of a provision for 'Value-Added Tax' related to operations conducted in 2013.

5. SUPPLEMENTAL CASH FLOW INFORMATION

For the years ended December 31,	**2014** **$**	2013 $
Net changes in non-cash working capital:		
Prepaid expenses and receivables	**2,403**	(5,260)
Trade and other payables	**(199,739)**	25,582
	(197,336)	20,322
Interest paid	**-**	-
Corporate taxes paid	**-**	-
Broker warrants issued for services *(Note 7(ii))*	**-**	73,500
Change in prepaid share issue costs	**-**	(34,940)

6. SHARE CAPITAL

a) **Authorized share capital** at December 31, 2014 and 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 December 31, 2014 and 2013 - 22,759,735. Shares held in escrow at December 31, 2014 are 6,335,094 (2013 – 10,558,489).

(i) On April 11, 2013, pursuant to the IPO, the Company issued 5,000,000 common shares, at $0.40 per share for gross proceeds of $2,000,000 and 350,000 broker warrants were issued to the agent for services rendered in connection with the transaction. Additionally, a total of $229,389 was deducted from the gross proceeds for the agent's fee and professional and regulatory fees, and a total of $151,569 of expenses were recorded as listing expenses in the statement of loss.

(ii) Upon completion of the IPO, 776,862 special warrants were converted into common shares for no additional consideration.

(iii) In accordance with National Policy 46-201 and the TSXV regulations, a total of 14,077,873 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 April 17, 2013 (date of listing). To December 31, 2014, a total of 7,742,779 (2013 - 3,519,384) escrowed shares have been released.

7. 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 expire 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. To December 31, 2014, a total of $497,147 (2013 - $362,210) has been expensed.

(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 $0.40 per share and expires 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.

(iii) On July 13, 2013, the Company further granted incentive stock options 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; the value of $16,832 assigned to the stock 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 1.15% and an expected life of three years.

(Expressed in Canadian Dollars)

7. STOCK-BASED COMPENSATION, Continued

(b) An administrative consultant, to purchase up to 30,000 common shares, at $0.40 per common share. These options expire on July 13, 2018, and vest as follows: 1/3 on the grant date, 1/3 on July 13, 2014 and the remaining 1/3 on July 13, 2015. These stock options are exercisable for a period of five years from the grant date and the fair value of $8,973 assigned to the stock 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 1.74% and an expected life of five years. To December 31, 2014, a total of $8,973 (2013 - $5,085) has been expensed.

(iv) The following summarizes the stock options/broker warrant activities during the years ended December 31, 2014 and 2013:

	Number of Options/Broker Warrants	Weighted Average Exercise Price	Estimated Fair Value at Grant/Issue Date
Balance - December 31, 2012	**-**	**$ -**	$ -
Granted - Stock options *(Notes 7(i),(iii))*	1,860,000	0.40	546,989
Granted - Broker warrants *(Note 7(ii))*	350,000	0.40	73,500
Balance - December 31, 2013 and 2014	**2,210,000**	**$0.40**	**$620,489**

(v) The following summarizes the stock options/broker warrants outstanding at December 31, 2014 and 2013:

Issued Number of Options and Broker Warrants	Exercisable Number of Options and Broker Warrants	Exercise Price	Expiry Date	Estimated Fair Value at Grant/Issue Date
1,750,000	1,166,667	$0.40	April 11, 2018	$521,184
80,000	80,000	$0.40	July 13, 2016	$16,832
30,000	20,000	$0.40	July 13, 2018	$8,973
350,000	350,000	$0.40	April 11, 2015	$73,500
2,210,000	**1,616,667**			**$620,489**

The weighted average contractual life remaining for broker warrants and options as at December 31, 2014 is 2.7 (2013 – 3.7) years. The above stock options and broker warrants were not included in the computation of diluted net loss per share for the periods presented 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 7 (i), (ii) and (iii) can materially affect the fair value estimates.

(Expressed in Canadian Dollars)

8. 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% (2013 – 0%) are as follows:

	2014 **$**	2013 $
(Loss) before taxes:	**(622,635)**	(1,633,393)
Expected income tax benefit based on statutory rate	**-**	-
Adjustments to expected income tax benefit:		
Adjustment for taxes in foreign operations	**(111,000)**	(188,000)
Change in foreign exchange rates	**12,000**	(44,000)
Change in tax rates	**-**	85,000
Expiry of tax losses	**67,000**	-
Other	**1,000**	4,000
Tax benefits not recognized	**31,000**	143,000
Deferred income tax	**-**	-

(b) Deferred income tax balances

Deferred income tax assets have not been recognized in respect of the following deductible temporary differences:

	2014 **$**	2013 $
Non-capital losses carry-forwards - Canada and Switzerland -	**3,545,000**	3,536,000

Deferred tax assets have not been recognized in respect of these items because it is not probable that future taxable profit will be available against which the Company can use the benefits. These losses, which may reduce taxable income in Switzerland amount to approximately $2,846,000 (CHF 2,422,000) and expire as follows:

Amount($)	**Year of Expiry**
296,000	2015
788,000	2016
775,000	2017
324,000	2018
58,000	2019
504,000	2020
101,000	2021
2,846,000	

The Company also has $699,000 of Canadian non-capital losses that expire in 2033 and 2034.

(Expressed in Canadian Dollars)

8. INCOME TAXES, Continued

(c) Temporary difference

As at December 31, 2014, a temporary difference of $16,831 (2013 - $16,831) was not recognized in respect of the investment in subsidiary because it is not probable that the temporary difference will reverse in the foreseeable future and that taxable profit will be available against which the temporary differences will be utilized.

9. 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 years ended December 31, 2014 and 2013, a total of $60,000 and $60,500 respectively, plus applicable taxes was charged to the Company by the CFO on account of management consulting fees. Included in trade and other payables at December 31, 2014, is $nil (at December 31, 2013 is $5,650) due and owing to this officer for providing such services. This amount is unsecured, non-interest bearing and due on demand.

(ii) During 2013, the Company engaged a director of the Company as a technical consultant for the Mont Chemin drill program. A fee of $4,200 plus HST was paid for these services.

(iii) During the year ended December 31, 2014 a total of $60,000 (2013 - $45,000) was paid for directors' fees. Included in trade and other payables at December 31, 2014 is $3,750 (2013 - $nil) due to a director. This amount is unsecured, non-interest bearing and due on demand.

(iv) Effective January 1, 2013, the Company entered into a service costs agreement with Geosource Exploration Inc. ("GEI"), a company of which Dr. Keith Barron is principal shareholder. During the year ended December 31, 2014, the Company incurred $185,600 (2013 - $180,000) in relation to this agreement. *(Note 11).* These costs were allocated as follows: $124,600 (2013 - $108,000) to office and general expenses, $25,000 (2013 - $24,000) to investor relations, $12,000 (2013 - $24,000) to professional fees and $24,000 (2013 - $ 24,000) to exploration expenses.

(v) Dr. Keith Barron subscribed for 3,500,000 common shares of the recent IPO, for subscription proceeds of $1,400,000. As at December 31, 2014, Dr. Barron retains beneficial ownership of 62% of the Company's share capital.

(vi) 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 (net of applicable taxes) was as follows:

For the years ended December 31,	**2014**	2013
	($)	($)
Directors' fees	**60,000**	45,000
Management fees	**60,000**	60,500
Stock-based compensation value	**107,949**	289,768
	227,949	395,268

10. SEGMENTED INFORMATION

At December 31, 2014, the Company's operations comprised a single reporting operating segment engaged in mineral exploration in Switzerland. Cash of $201,657 (December 31, 2013 - $861,902) is held in Canadian chartered banks, with the balance of $9,683 (December 31, 2013 - $30,584) being held in Swiss chartered banks.

11. 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, Dr. Barron has personally lodged a 500,000 CHF Bank Guarantee (Cdn$587,450) in connection with any potential reclamation costs to be incurred by the Company in connection with its claims in Switzerland (*Note 4*).

Service Costs and Consulting Agreements

Effective January 1, 2013, the Company entered into a service costs agreement with Geosource Exploration Inc., ("GEI"), a company of which Dr. Keith Barron is principal shareholder, at a monthly cost of $15,000. This agreement may be terminated by the Company with 90 days' written notice provided to GEI 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 GEI, in addition to any other amounts then owed. Effective July 1, 2014, the monthly cost increased to $15,800 as a result of an increase in the monthly office rent cost.

Since January 1, 2013, the CFO and Project Manager of the Company have been providing services pursuant to annual, renewable consulting agreements. Accordingly, the CFO is remunerated at the rate of $60,000 per annum (plus applicable taxes) and the Project Manager is contracted on an 'as needed' basis and compensated at a rate of CHF 545 (Cdn$640) per diem. Early termination of the contracts requires 90 days' written notice by the party terminating the agreement therein.

12. SUBSEQUENT EVENT

On April 11, 2015, a total of 350,000 broker warrants expired, unexercised.