AURANIA RESOURCES LTD.

MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS
For the Six Months Ended June 30, 2013
(Expressed in Canadian Dollars unless otherwise indicated)

Dated: August 27, 2013

The following is Management's Discussion and Analysis ("MD&A") of Aurania Resources Ltd. ("Aurania" or the "Company"), of the financial condition and results of operations for the six months ended June 30, 2013. This MD&A provides a review of the performance of Aurania, prepared at August 27, 2013 unless otherwise indicated and should be read in conjunction with the condensed consolidated (unaudited) interim financial statements and the related notes for the six months ended June 30, 2013 ("Interim Financial Statements") and the consolidated (audited) financial statements and related notes for the years ended December 31, 2012 and 2011 ("Financial Statements"), both of which have been prepared in accordance with International Financial Reporting Standards ("IFRS"). All monies are expressed in Canadian dollars unless otherwise indicated. Additional information relevant to the activities of the Company has been filed electronically through the System for Electronic Document Analysis and Retrieval ("SEDAR") – www.sedar.com. On April 17, 2013 the Company's common shares ("Common Shares") commenced trading on the TSX Venture Exchange (TSXV") under the symbol "AOZ".

MANAGEMENT'S RESPONSIBILITIES FOR FINANCIAL REPORTING AND CONTROLS

The Financial Statements have been prepared by management in accordance with IFRS and have been approved by the Company's board of directors (the "Board"). The integrity and objectivity of these Financial Statements are the responsibility of management. In addition, management is responsible for ensuring that the information contained in the MD&A is consistent where appropriate, with the information contained in the Financial Statements. In support of this responsibility, the Company maintains internal and administrative controls to provide reasonable assurance that the financial information is relevant, reliable and accurate and that the Company's assets are properly accounted for and adequately safeguarded. The Financial Statements may contain certain amounts based on estimates and judgments. Management has determined such amounts on a reasonable basis to ensure that the Financial Statements are presented fairly in all material respects. The Board is responsible for ensuring that management fulfills its responsibilities for financial reporting and internal control. The Board carries out this responsibility principally through its audit committee. The members of the audit committee are appointed by the Board and have sufficient financial expertise to assume this role with the Company. The majority of the audit committee members are not involved in the Company's daily operations.

CAUTIONARY NOTE

This document contains or refers to forward-looking information. Such forward-looking information includes, among other things, statements regarding targets, estimates and/or other conditions, and is based on current expectations that involve a number of business risks, uncertainties and assumptions. Factors that could cause the Company's actual results to differ materially from any forward-looking statements include, but are not limited to: exploration and development costs varying significantly from estimates; inflation; fluctuations in commodity prices; delays in exploration or development of any project caused by unavailability of equipment, labour or supplies, climatic conditions or otherwise; failure to raise additional funds required to finance the completion of a project, and other factors. Given these risks and uncertainties, readers are cautioned not to place undue reliance on such forward-looking statements. These forward-looking statements are made as of the date hereof and we assume no responsibility to update them or revise them to reflect new events or circumstances, except as required by law.

1.1 REPORT DATED AUGUST 27, 2013

1.2 OVERALL PERFORMANCE

The Company
Urania Ltd. was incorporated under the laws of Bermuda on June 26, 2007 pursuant to the provisions of *The Companies Act 1981* (Bermuda). On December 22, 2010, Urania Ltd. amended its name to Urania Resources Ltd. On March 21, 2012 Urania Resources Ltd. amended its name to Aurania Resources Ltd to better reflect the focus of the Company.

Aurania is currently an exploration company engaged in the search for mineral resources which could be economically and legally extracted or produced. This search typically includes the review of existing data, grid establishment, geological mapping, geophysical surveying, trenching and pitting, and reverse circulation and/or diamond drilling to test targets followed by infill drilling, if successful, to define a resource and, perhaps ultimately, a reserve. The Company is currently exploring properties located exclusively in Switzerland.

Directors & Officers
Keith Barron - Chief Executive Officer, President, Chairman of the Board and Director
Donna McLean - Chief Financial Officer and Corporate Secretary
Jean Paul Pallier - Chief Geologist and Qualified Person
Elaine Ellingham – Director and Qualified Person
Gerald Harper - Director
Marvin Kaiser – Director

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The Company's registered office is located at 31 Victoria Street, Hamilton, HM 10, Bermuda.

Nature of Operations
The Company is currently in the process of exploring certain mineral properties in Switzerland. The Company holds a 100% interest in three exploration permits in the Canton of Valais (collectively, the "Permits"), through its wholly-owned subsidiary **AuroVallis Sàrl ("AVS")** which is a Swiss limited liability corporation:

1) **Mont Chemin Project (gold-silver)** 31.0 km^2
   - Exploration permit granted on July 11, 2008 for a term of five years

2) **Marécottes Project (uranium)** 36.0 km^2
   - Exploration permit granted on July 11, 2008 for a term of five years.

3) **Siviez Project (uranium-copper-gold-silver)** 31.6 km^2
   - Exploration permit granted on June 24, 2009 for a term of five years.

The Company has obtained extensions or is in the process of obtaining extensions and renewals for these Permits.

The Company has not yet determined whether these projects contain resources that are economically recoverable. The projects 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.

Recent Company Highlights

- ✓ On April 11, 2013, Aurania completed an Initial Public Offering (the "IPO") for gross proceeds of $2,000,000, through the issuance of 5,000,000 Common Shares at a price of $0.40 (the "Issue Price") per Common Share. A cash commission of $70,000 was paid, and 350,000 broker warrants (the "Agent's Warrants") were issued to Maison Placements Canada Inc. ("the Agent"). Each Agent's Warrant entitles the Agent to purchase one Common Share at the issue price until April 11, 2015. The 776,862 special warrants issued in December 2012 became qualified under the IPO and were automatically converted to Common Shares as part of the IPO transaction.
- ✓ On April 11, 2013 the Company granted 1,750,000 stock to directors, officers and consultants, to acquire 1,750,000 Common Shares at $0.40 per Common Share, exercisable for five years from the grant date. These stock options vest over two years. On July 13, 2013, the Company granted an additional 80,000 stock options to a consultant to acquire 80,000 Common Shares at $0.40 per Common Share. These stock options vested immediately and are exercisable for three years from the grant date. Also on July 13, 2013, a further 30,000 stock options were granted to a consultant to acquire 30,000 Common Shares at $0.40 per Common Share. These options vest over two years and are exercisable for five years from the grant date.
- ✓ Geonor Servicios Técnicos, S.L., of Galicia, Spain ("Geonor") completed an initial 1,400m diamond drill program on the Mont Chemin gold-silver prospect. Assay results are pending**.**

Outstanding Share Date

- As at December 31, 2012 Aurania had:
  - 16,982,873 common shares; and
  - 776,862 special warrants
- At August 27, 2013 Aurania has:
  - 22,759,735 issued and outstanding Common Shares;
  - 350,000 Agent's Warrants, issuable into 350,000 Common Shares at $0.40 per share;
  - 1,860,000 Common Shares subject to issuance pursuant to three- and five-year stock options granted to directors, officers and consultants; and
  - Approximately $1,100,000 cash (net of current liabilities (unaudited))

Trends:
Similar to its peers, Aurania's future financial performance is highly dependent on several external factors, including, but not limited to: the price of, and demand for commodities which continue to be highly volatile and difficult to predict and the stability of and improvement in major global economies. It is a very challenging time for junior exploration companies. The shares of a disconcerting number of TSXV-listed junior mining companies are trading at less than their cash value, with their projects receiving little or no market value. Many have reduced staff and infrastructure costs to 'care and maintenance' levels until the industry turns around. This difficult period has resulted in increased merger and acquisition activity and the development of a broader, more creative financing spectrum of joint ventures, earn-in opportunities and partnering with governments. Early exploration is 'on hold' for many juniors and managements continue to focus on seeking out projects with imminent cash flow

with minimal capital requirements. Ironically, private funding has increased significantly as the public market financing wanes. On a positive note, Aurania was able to complete its planned summer drill program and the manpower and equipment were more readily available and the drill costs were markedly more competitive than anticipated.

1.3 OUTLOOK AND STRATEGY

Aurania remains bullish on gold and uranium. Subsequent to period end, the Company completed an initial 1400m drill program on the Mont Chemin Project; assay results are pending. Capitalizing on remobilizing the drill from this program, the Board has approved a modest drill program for its Siviez project. This should provide useful structural geology information for future planning purposes. Management also continues to identify and evaluate additional worldwide business opportunities to add to the Company's asset base.

1.4 SELECTED PERIOD FINANCIAL RESULTS

Balance Sheet Data	**As at June 30, 2013**	As at December 31, 2012
Cash	**$1,475,044**	$312,831
Total assets [(1)]	**$1,493,966**	$350,819
Total liabilities	**$371,884**	$208,524
Shareholders' equity	**$1,122,082**	$142,295
Deficit	**$(4,718,388)**	$(3,694,528)

(1) All acquisition and exploration costs are charged to operations in the period incurred until such time as it has been determined that a property has economically recoverable resources. To date the Company has expended $2,353,726 on exploration of its Swiss properties.

Statement of Loss and Comprehensive Loss and Deficit Data	**Three months ended June 30, 2013**	Three months ended June 30, 2012
Total revenue	**$ --**	**$ --**
Total expenses	**$724,603**	$87,794
Project expenditures (during the period)	**$382,847**	$10,524
Other expenses	**$61,367**	$26,101
Total loss and comprehensive loss	**$785,970**	$113,895
Basic and diluted loss per share	**$0.036**	$0.007

	Six months ended June 30, 2013	Six months ended June 30, 2012
Total revenue	**$ --**	**$ --**
Total expenses	**$865,153**	$123,344
Other expenses	**$158,707**	$40,021
Project expenditures (during the period)	**$424,911**	$34,737
Total loss and comprehensive loss	**$1,023,860**	$163,365
Basic and diluted loss per share	**$0.052**	$0.011

1.5 RESULTS OF OPERATIONS

A. EXPLORATION FOCUS

Mining Permits
The Company has three valid exploration Permits that have varying expiry dates from 2013 to 2015. On June 10, 2013 the Company applied for an extension for the Mont Chemin Permit, for another year. In early 2014, the Company will apply to renew all three Permits, for a second five-year term. Management knows of no impediment to obtaining the extension or renewal of the Permits.

B. PROJECTS REVIEW

Detailed overview, history, description and geological prospects for the Company's exploration projects may be viewed in Aurania's IPO Prospectus and NI 43-101 Technical Report, both filed on www.sedar.com.

Mont Chemin

Post period end, an initial 1400m diamond drill program was completed, to test and investigate:
- the Goilly Vein for continuity at depth and along strike);
- gold showings at the Scheelite and Vouillamoz Pit areas and intervening area; targeting the induced polarization targets generated in the 2011 survey;
- the potential to trench or drill an additional area in close proximity to the Crettaz Vein, where visible gold has been reported and an Aurania sample returned 127,000 ppm Au.

Assay results from the drill program are pending.

Siviez

Capitalizing on the availability of the drill used to complete the drill program at Mt. Chemin, Aurania's Board has approved a 700 m drill program at Siviez in order to better study its structure geology and improve the selection of and/or refine the locations of the sites for future diamond drilling.

Marécottes

Once the 700m drill program is completed on the Siviez Project, the Company's exploration team will revisit the planned Phase 1 program on the Marécottes Project. Eventually, radon-in-soil surveying is planned along selected target areas within and in the contact zones of the Vallorcine Granite along with prospecting, mapping and sampling along key new mineralized zones identified in 2009 and 2010.

C. FINANCIAL PERFORMANCE

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). The significant increase to cash resulted from the completion of the IPO In April, for gross proceeds of $2,000,000, with the issuance of 5,000,000 Common Shares at $0.40 per Common Share. A total of $144,406 was withheld from the IPO proceeds for agent's fees, agent's legal fees and disbursements and HST. Additional share issuance costs of $82,791 were capitalized for professional and regulatory fees related to completing the IPO and $151,569 was expensed as listing expenses related to the professional and regulatory fees incurred to list the Company's Common Shares on the TSXV.

As a result of ongoing exploration activities, the Company continues to incur net losses. The net loss for the six months ended June 30, 2013 was $1,023,860 (2012 - $163,365). A total of $424,911 was expended during the period, for exploration in Switzerland, with the completion of Aurania's first drill program at Mont Chemin. The majority of these expenditures ($382,847) was spent in the recent quarter after the snow melted and the drill rig could be mobilized). During the same period in 2012, only $34,737 was spent on costs related to exploration including obtaining permits and making ready for this year's drill program. During Q2 of 2012, only $10,524 was spent on exploration as the Company was in "care and maintenance" mode while Management prepared for this year's drill program and listing Aurania's shares on the TSXV.

During the period, a total of $230,844 was recorded as stock based compensation expense with the issuance of: 1,750,000 stock options granted to directors, officers and consultants. This was the first granting of stock options under the Company stock option plan, previously approved in 2011. The Company also issued 350,000 broker warrants to the IPO's Agent, to acquire up to 350,000 Common Shares. A fair value of $73,500 was assigned to the Agent's Warrants using the Black-Scholes option pricing model and capitalized to share issue costs. The exercise price of both the stock options and Agent's Warrants is $0.40 per share. The stock options vest over two years and expire five years from the grant date while the Agent's Warrants vest immediately and expire on April 11, 2015. General and office costs increased significantly year over year (from $12,569 to $82,574) as the Company commenced paying for services such as office space, administrative and investor relations assistance, telecommunications and vehicle usage, at a monthly cost of $15,000. Prior to this a majority shareholder had been providing these essential services to the Company, at no charge. This benefit was previously recorded as a contributed surplus item.

The Canadian dollar was relatively stable against the Swiss Franc and Euro during the period therefore foreign exchange movement was nominal.

1.6 SUMMARY OF QUARTERLY RESULTS

Quarters Ended	Revenue ($)	Net Loss ($)	Loss per Share ($)
June 30, 2013	NIL	785,970	0.036
March 31, 2013	NIL	237,929	0.014
December 31, 2012	NIL	68,096	0.0045
September 30, 2012	NIL	51,822	0.003
June 30, 2012	NIL	113,895	0.007
March 31, 2012	NIL	105,345	0.009

1.7 LIQUIDITY

As an exploration company, 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 liquid assets at June 30, 2013 consisted primarily of cash $1,475,044 ($312,831 at December 31, 2012). All of the Company's cash is on deposit in accredited Canadian and Swiss banks, held in denominations of Canadian Dollars, Swiss Francs and Euros.

1.8 CAPITAL RESOURCES

Junior mining companies typically require frequent capital raises in the development stage. The business of mining and 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 continued existence is dependent upon the discovery of economically recoverable resources, securing and maintaining title and beneficial interest in the Properties, the ability to obtain the necessary financing to complete exploration, 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.

Historically, the Company has relied on private placement financings and loans from related parties to secure sufficient capital of the Company to meet its obligations. However, at June 30, 2013 the Company had working capital of $1,121,176 due to the successful completion of the IPO in April 2013. Almost $200,000 of the current payables is owed to the drilling company for the Mont Chemin drill program expenses. The Company also owes at period end a total of $11,250 to three directors for Q2 director's fees. Director's fees are now payable to non-management directors, for services rendered, at an annual cost of $15,000 per year, per director; previously no director's compensation was awarded. At December 31, 2012 the Company had working capital of $139,247 as a result of generating $310,745 through a non-brokered special warrants offering.

Working capital will continue to fluctuate until the Company has achieved profitable levels of operation. From inception to date, the Company has raised $917,500 through non-brokered private placements for Common Shares, $310,745 from a special warrants offering and $2,000,000 (gross) from its IPO. A director, officer and principal shareholder of the Company subscribed for 3,500,000 Common Shares of the IPO for subscription proceeds of $1,400,000; this is a related party transaction that was approved by the Board. This same shareholder now has beneficial ownership of 62 % of the Company's share capital.

The cash balance of $1,475,044 (compared to $55,172 at June 30, 2012) has left the Company well positioned to carry out its planned Phase I work programs and to meet its short term general and administration obligations.

Operating Activities

Agents' compensation for the IPO included the issuance of 350,000 Broker Warrants to acquire up to 350,000 Common Shares at $0.40 per share. These warrants expire on April 11, 2015. A fair value of $73,500 was assigned to this capital transaction using the Black-Scholes warrant 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 expense was capitalized to share issue costs. Further, and also upon closing of the IPO, the 776,862 special warrants issued in December 2012 were automatically converted into 776,862 Common Shares.

Immediately following the closing of the IPO, the Company issued 1,750,000 stock options to directors, officers and consultants with an exercise price of $0.40 per share and a five-year term to maturity. A fair value of $230,844 was assigned to the granting using the Black-Scholes option pricing model for valuing options. The assumptions used to assign this value included: 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 five years. This charge was recorded to the statement of loss and comprehensive loss.

Subsequent to period end the Company granted further stock options as follows: i) 80,000 stock options to a consultant, to acquire up to 80,000 common shares at $0.40 per share for three years from the grant date, which vested immediately, and b) 30,000 stock options to acquire up to 30,000 common shares at $0.40 per share, for five years following the grant date, which vest over two years.

There were no stock options granted nor any broker warrants issued during the comparable period in 2012.

Financing Activities

During the period, the Company successfully raised $1,855,540 net proceeds from its IPO, with the issuance of 5,000,000 common shares at $0.40 per share. A total of $144,460 was withheld from the IPO proceeds for the agent's commission, agent's legal fees and disbursements and applicable HST therein. In the same period in 2012, a total of $811,515 of shareholder loans were exchanged for common shares @$0.15 per share for a total issuance of 5,410,100 common shares. A private placement of $1,500 for the subscription of 10,000 shares @ $0.15 per share also transpired during the period.

Until the Company has achieved regular cash flow, Management will have to secure additional funding for its future exploration and acquisition activities. While Management is reasonably confident it will be successful in future capital raisings there can be no assurance of this, particularly in light of the current, extremely tight capital markets.

1.9 OFF BALANCE SHEET ARRANGEMENTS

The Company currently has no off balance sheet arrangements or obligations other than exploration expenditures commitments.

1.10 RELATED PARTIES 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 is $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 ($22,504 at December 31, 2012) was charged to the Company by the CFO and Chief Geologist on account of management and technical consulting fees.

   All technical consulting fees are charged to the 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 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, Chairman, CEO and President, subscribed for 3,500,000 common shares of the recent IPO, for subscription proceeds of $1,400,000. At June 30, 2013, Dr. Barron retained beneficial ownership of 62% of the Company's share capital.

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

1.11 PROPOSED TRANSACTIONS

The Company has no proposed transaction, specifically with the immediate intent to acquire any additional asset, or dispose of any asset of the Company; however, from time to time, and similar to other junior exploration enterprises, the Company may acquire or dispose of property assets as exploration results, opportunities, competitive nature of the business, venture-capital and management may determine.

1.12 CHANGES IN ACCOUNTING STANDARDS

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.

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 1did 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.

1.13 RISKS AND UNCERTAINTIES

An investment in the Common Shares of the Company is speculative in nature and involves a high degree of risk.

Exploration Development and Operating Risk

Mineral exploration involves many risks, which even a combination of experience, knowledge and careful evaluation may not be able to overcome. Operations in which the Company has a direct or indirect interest will be subject to all the hazards and risks normally incidental to exploration and development, any of which could result in work stoppages, damage to the property, and possible environmental damage. None of the properties in which Aurania has an interest has a known body of commercial ore. Mining involves a high degree of risk and few properties that are explored are ultimately developed into producing mines. There is no assurance that any of Aurania's mineral exploration and development activities will result in discoveries of commercially viable bodies of ore. In addition, although Switzerland is one of the least risky countries in the world for doing business (third in a recent ranking), exploring in a foreign jurisdiction subjects non-Swiss exploration companies to additional risks including potential political change, arbitrary changes in law or policies, inability or delays in getting government permits, limitations on foreign ownership and other risks not specified here. Foreign currency fluctuations may also adversely affect the Company's financial position and operating results. Management of Aurania attempts to mitigate all the risks associated with exploration and mining and minimize their effect on the Company's financial performance, but there is no guarantee that the Company will be profitable in the future and the Company's Common Shares should be considered speculative.

Title
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.

Environmental Matters
The Company's mining and 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 believes its operations are materially in compliance with all applicable laws and regulations. The Company has made, and expects to make in the future, expenditures to comply with such laws and regulations.

Financial risk management
The Company has exposure to the following risks from its use of financial instruments:

a) Credit risk
At this stage in the Company's growth development, 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. However, as the Company has no producing assets, continued operations are dependent upon its ability to raise adequate financing in the market, through equity raisings or by debt. At June 30, 2013, the Company had $1,475,004 cash to settle $371,844 of current liabilities (compared to $312,831 cash to settle current liabilities of $208,524 at December 31, 2012).

c) Market risk
Market risk is the risk that changes in the market prices, such as fluctuations in foreign exchange rates and interest rates 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. Accordingly, the Company does not feel that an interest rate sensitivity calculation is material.

ii) Foreign currency risk
The Company's financings are in Canadian dollars. Certain project expenses are incurred in foreign currencies (primarily Swiss Francs and Euros) and are therefore subject to gains or losses due to fluctuations in exchange rates. Management believes that the foreign exchange risk derived from currency conversions is best served by not hedging its foreign exchange risk.

iii) Fair value sensitivity analysis

A 10% strengthening of the Canadian dollar against the Swiss franc at period end would have increased the net asset position of the Company by approximately $3,077 ($12 at December 31, 2012). A 10% weakening of the Canadian dollar against the same would have had an equal but opposite effect.

iv) Global Economic and Financial Markets

Instability in and lack of investor confidence in the Canadian junior mining equity sector continue to have an impact on, and impede access to capital or increase the cost of capital in general for companies needing to raise additional capital. This could have a material, adverse effect on the Company's ability to fund its working capital and other capital requirements in the longer term.

d) *Commodity price risk*

The Company may be exposed to price risk with respect to commodity prices in the future. Commodity price risk is defined as the potential adverse future impact on earnings and economic value due to commodity price movements and volatilities. The ability of the Company to develop its mineral properties and the future profitability of the Company is directly related to the market price of gold, uranium, and certain other metals.

1.14 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 exploration permit requirements, a director, officer and principal shareholder of the Company has personally lodged a CHF 500,000 (Cdn. $556,050) bank guarantee in connection with any potential reclamation costs to be incurred by the Company in connection with its claims in Switzerland. To date the Company is unaware of any known environmentally assessed costs.

Service Costs and Consulting Agreements Commitments

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

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

1.15 SUBSEQUENT EVENTS

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, exercisable for a period of three years from the date of granting, with immediate vesting provisions; and

b) An administrative consultant, to purchase up to 30,000 common shares, at $0.40 per common share, exercisable for a period of five years from the date of granting; these options will vest over the next two years.

Permit Renewals – *See "Section 1.5 A – Exploration Focus – Mining Permits".*

1.16 QUALIFIED PERSON

The foregoing scientific and technical information has been prepared or reviewed by Elaine Ellingham, P. Geo. She is a "qualified person" within the meaning of National Instrument 43-101.

1.17 OUTLOOK

Aurania's Strengths:

- Host country politically stable with good infrastructure and community support
- 100% ownership of three Exploration Permits
- Five field seasons and one drill program completed with experienced exploration team in place
- Sufficient funding for the near term

Aurania's Challenges

- Three multi-target exploration projects that require significant capital to fund drilling
- No reserves or resources and sub-surface mineralization not verified by drilling
- Dependent on buoyant commodity price to attract and maintain investor support
- Switzerland not a recognized mining jurisdiction
- Weakened capital and credit markets