AURANIA RESOURCES LTD.

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

Dated: November 29, 2013

The following Management's Discussion and Analysis ("MD&A") is Management's review of the financial condition and results of operations for the nine months ended September 30, 2013 (the "reporting period") of Aurania Resources Ltd. ("Aurania" or the "Company"). This MD&A is prepared as at November 29, 2013 unless otherwise indicated and should be read in conjunction with the condensed interim consolidated (unaudited) financial statements and the related notes for the nine months ended September 30, 2013 ("Interim Financial Statements") and the consolidated (audited) financial statements and related notes for the year ended December 31, 2012 ("Financial Statements 2012"), 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 MD&A contains "forward-looking information" under applicable Canadian securities legislation. Except for statements of historical fact relating to the Company, information contained herein constitutes forward-looking information, including any information as to the Company's strategy, plans or future financial or operating performance. Forward-looking statements are characterized by words such as "plan," "expect", "budget", "target", "project", "intend", "believe", "anticipate", "estimate" and other similar words, or statements that certain events or conditions "may" or "will" occur. Forward-looking statements are based on the opinions, assumptions and estimates of management considered reasonable at the date the statements are made, and are inherently subject to a variety of risks and uncertainties and other known and unknown factors that could cause actual events or results to differ materially from those projected in the forward-looking information. These factors include the Company's expectations in connection with the expected exploration on its projects, potential development and expansion plans on the Company's projects, the impact of general business and economic conditions, global liquidity, inflation, inability to raise additional funds as may be required through debt or equity markets, fluctuating metal prices (such as gold, copper, silver and uranium), currency exchange rates (such as the Canadian Dollar and the Swiss Franc versus the United States Dollar), possible variations in ore grade or recovery rates, changes in accounting policies, changes in mineral resources and mineral reserves, risks related to non-core mine disposition, risks related to acquisitions, changes in project parameters as plans continue to be refined, changes in project development and commissioning time frames, the possibility of project cost overruns or unanticipated costs and expenses, higher prices for fuel, power, labour and other consumables contributing to higher costs and general risks of the mining industry, failure of plant, equipment or processes to operate as anticipated, unexpected changes in mine life, unanticipated results of future studies, seasonality and unanticipated weather changes, costs and timing of the development of new deposits, if any, success of exploration activities, permitting time lines, government regulation and the risk of government expropriation of mining operations, environmental risks, unanticipated reclamation expenses, title disputes or claims, limitations on insurance coverage and timing and possible outcome of labour disputes and/or shortages, as well as those risk factors discussed or referred to herein. Although the Company has attempted to identify important factors that could cause actual actions, events or results to differ materially from those described in forward-looking information, there may be other factors that cause actions, events or results not to be anticipated, estimated or intended. There can be no assurance that forward-looking information will prove to be accurate, as actual results and future events could differ materially from those anticipated in such statements. The Company undertakes no obligation to update forward-looking statements if circumstances or management's estimates, assumptions or opinions should change, except as required by applicable law. The reader is cautioned not to place undue reliance on forward-looking information. The forward-looking information contained herein is presented for the purpose of assisting investors in understanding the Company's expected financial and operational performance and results as at and for the periods ended on the dates presented in the Company's plans and objectives and may not be appropriate for other purposes.

1.1 REPORT DATED NOVEMBER 29, 2013

1.2 BACKGROUND

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.

On the exploration front, the Company has recently completed initial drill programs on two of its Swiss properties. On the business development front, Management continues to examine and evaluate other potential prospects as industry conditions are creating opportunities for companies such as Aurania, to expand their asset base, despite having only a modest cash position.

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
Elaine Ellingham – Director
Gerald Harper - Director
Marvin Kaiser – Director

Corporate Offices
Suite 1010, 8 King Street East
Toronto, Ontario Canada M5C 1B5
Tel: (416) 367-3200
Email: info@auraniaresources.com
www.auraniaresources.com

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:

- **Mont Chemin Project (gold-silver)** 31.0 km^2
- **Marécottes Project (uranium)** 36.0 km^2
- **Siviez Project (uranium-copper-gold-silver)** 31.6 km^2

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

- ✓ Completion of initial diamond drill programs as follows:
  - 12 holes totaling 1390m at Mont Chemin; and
  - 4 holes totaling 623m at Siviez
- ✓ Assay results are being compiled and analyzed

Share Data

As at	Common Shares	Warrants	Stock Options	Fully Diluted
December 31, 2012	16,982,873	776,862 (1)	-	17,759,735
September 30, 2013	22,759,735	350,000 (2)	1,860,000	24,969,735
November 27, 2013	22,759,735	350,000 (2)	1,860,000	24,969,735

(1) Special warrants automatically converted to Common Shares upon completion of the Company's Initial Public Offering ("IPO") which closed on April 11, 2013

(2) Broker warrants issued in connection with the IPO (expiry - April 11, 2015)

1.3 STRATEGY AND OBJECTIVES

- Develop 2014 action plans for the Swiss exploration projects
- Remain cognizant of the tight capital market conditions and use cash wisely
- Continue to identify and evaluate other business opportunities to acquire additional mineral resources which could be economically extracted

1.4 OVERALL PERFORMANCE – Financial position, operating results and cash flows

Financial Position

At the reporting period end, the Company had not yet achieved profitable production, and had accumulated losses of $4,957,773 (December 31, 2012 - $3,694,528) and will continue to incur losses until achieving commercial production. However, given the above-noted strategy and objectives, Management considers its cash resources to be sufficient to meet its current obligations for the near-term.

During the reporting period, the Company expended approximately $410,000 for the completion of a Phase I drill program at Mont Chemin *(See Exploration Update)*. This work was completed by the Company, on time and on budget. The funding for the drill program had been allocated from proceeds of the Company's IPO. An additional $95,000 was spent for technical services consulting fees for the management of this work program and for planning and managing the demobilizing and remobilization of the drilling equipment at the Siviez project (completed subsequent to period end.)

For the three months ended September 30, 2013, the Company expended $79,359, principally for technical consulting fees and final stage costs of the July 2013 diamond drill program at Mont Chemin. In contrast, for the same three months period in 2012, there was no exploration activity and only $910 was expended for Cantonal levies and insurance fees.

Operating Results

For the nine months ended September 30, 2013 the Company posted an operations loss of $1,108,570 compared to $248,147 for the previous year. Approximately 45% of the reporting period expenditures are attributable to the implementation and management of recent drill programs on the Swiss properties and 29% of these expenditures are attributable to the fair value assigned to stock options granted to directors, officers and consultants during the period *(See Capital Resources).* There was no exploration activity performed in the same period in 2012 due to fiscal constraints however the Company did expend approximately $100,000 on project management and other costs to prepare for this year’s drill programs. There were no stock option grantings prior to April 2013.

For the three months ended September 30, 2013 the Company posted an operations loss of $243,417 compared to only $51,173 in the comparable period in 2012. Similar to the results for the reporting period, the two largest components of the quarter period expenses were exploration expenses of $79,359 and stock based compensation expense of $86,477. During the same period in the prior year the Company only spent $910 on mining related government fees and no options were granted therefore no stock option expense was recorded.

Cash Flows

During the nine months ended September 30, 2103, financing activities included the issuance of 5,000,000 common shares through the IPO, for net proceeds of $1,770,611. During the same period in 2012, Management relied on shareholder loans ($543,945) for working capital and to reduce trade and other payables. Those loans were exchanged for Common Shares of the Company, during the period.

During the three months ended September 30, 2013 the only financing activity was the expenditure of $2,193 for professional fees related to closing the IPO, which were capitalized to share issue costs. During the same period in 2012, a company controlled by a majority shareholder and director of the Company advanced $100,000 to the Company for working capital and to reduce trade and other payables.

SELECTED PERIOD FINANCIAL RESULTS

Financial Position	**At September 30, 2013**	At December 31, 2012
Cash	**$1,063,518**	$312,831
Total assets (1)	**$1,075,902**	$350,819
Total liabilities	**$108,920**	$208,524
Shareholders’ equity	**$966,982**	$142,295
Deficit	**$(4,957,773)**	$(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 $2,433,085 on exploration of its Swiss properties.

Operating Results	**Nine months ended September 30, 2013**	Nine months ended September 30, 2012
Total interest (income)	**$(3,079)**	**$ -**
Total operating expenses	**$604,300**	$138,862
Project expenditures (during the period)	**$504,270**	$109,285
Other expenses	**$157,759**	$9,589
Total loss and comprehensive loss	**$1,263,245**	$257,736
Basic and diluted loss per share	**$0.061**	$0.018
Operating Results	**Three months ended September 30, 2013**	Three months ended September 30, 2012
Total interest (income)	**$(3,079)**	$-
Total operating expenses	**$164,058**	$50,263
Project expenditures (during the period)	**$79,359**	$910
Other (income) expenses	**$(948)**	$649
Total loss and comprehensive loss	**$239,390**	$51,822
Basic and diluted loss per share	**$0.011**	$0.003
Cash flows	**Nine months ended September 30, 2013**	Nine months ended September 30, 2012
Operating	**$(1,019,924)**	$(570,492)
Investing	**-**	-
Financing	**$1,770,611**	$545,445
Increase (decrease) in cash for the period	**$750,687**	$(25,047)

1.5 RESULTS OF OPERATIONS

A. EXPLORATION UPDATE

A detailed overview, history, description and geological prospects review 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

During the reporting period, an initial 1390m 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 are being compiled and analyzed.

Siviez

Capitalizing on the availability of the equipment used for the drill program at Mt. Chemin, the Company commenced a 700 m drill program at Siviez in order to better study its structural geology and improve the selection of and/or refine the locations of the sites for future diamond drilling. This program was completed after period end.

Marécottes

There has been no exploration activity at Marécottes in 2013. However, a Phase 1 program is planned for 2014, consisting of radon-in-soil surveying 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.

Exploration Permits

The Company has three exploration Permits that have expiry dates from 2013 to 2014. The Company has obtained extensions or is in the process of obtaining extensions for these Permits. The Company will apply to have the three Permits renewed for a second five-year term, at the appropriate time. Management knows of no impediment to obtaining the renewal of the Permits.

B. FINANCIAL PERFORMANCE

At September 30, 2013, the Company had cash of $1,063,518 and current liabilities of $108,920 ($312,831 cash and $208,524 of current liabilities at December 31, 2012). The significant increase to cash resulted from the completion of the Company's 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 $84,983 were capitalized for professional and regulatory fees related to completing the IPO and $151,569 was expensed as IPO and listing expenses related to the professional and regulatory fees incurred to close the IPO and list the Company's Common Shares on the TSXV.

As a result of ongoing exploration activities, the Company continues to incur net losses. The majority of the expenses incurred in the period relate to drill program costs at Mont Chemin and Siviez and public company costs.

Prior to 2013, the Company was privately held and the majority of day-to-day costs such as rent etc. were provided as a benefit by Geosource Exploration Inc., a company controlled by Dr. Keith Barron, a majority shareholder, officer and director of the Company. Commencing January 1, 2013, the Company agreed to pay its share of the ongoing overhead costs - *See Commitments and Contingencies*. In addition, once the Company became a publicly traded company (April 2013), it became responsible for other costs such as transfer agent and TSXV sustaining fees, filing fees on SEDAR, directors' fees, directors' and officers' liability insurance premiums and higher audit fees. These new costs impacted the operating results in this reporting period by an increase of approximately $148,000, year-over-year (rent $56,000, directors fees and consulting fees $33,000, regulatory and transfer agent fees $30,000, business development and investor relations $14,000, insurance $5,000 and other general and administration costs $10,000).

It is a requirement of IFRS that all costs associated with the completion of an IPO and the fees to list the Company's Common Shares be expensed to the Statement of Loss and Comprehensive Loss. All other normal costs associated with the issuance of shares are routinely capitalized to share issue costs. In this reporting period a total of $151,569 were identified as IPO and listing fees and were therefore expensed accordingly. No similar cost was recorded in the prior year.

During the reporting period, a fair value of $317,321 was recorded as stock based compensation expense with the granting of a total of 1,860,000 stock options ("Stock Options") to directors, officers and consultants (1,750,000 in April 2013 and 110,000 in July 2013). These were the first two grantings 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, at $0.40 per share. 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 and contributed surplus. The exercise price of the Stock Options is also $0.40 per share. 80,000 of the Stock Options vested immediately on the grant date and will expire three years from the grant date. The remaining 1,780,000 stock options vest over two years, and will expire in five years, from the grant date. The Agent's Warrants expire on April 11, 2015.

Concurrent with completing the IPO, the Board of Directors approved the payment of fees to directors for their services in the amount of $15,000 annually. Previously no director's compensation was awarded. At September 30, 2013 a total of $15,000 was due and payable to the directors, for Q3 director's fees.

Other expenses and income: the Company is earning interest from funds held on deposit, in a Canadian bank. 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 ($) (1)	Net Loss ($)	Loss per Share ($)
September 30, 2013	$3,079	239,390	0.011
June 30, 2013	NIL	785,970	0.036
March 31, 2013	NIL	237,885	0.014
December 31, 2012	NIL	68,096	0.004
September 30, 2012	NIL	51,822	0.003
June 30, 2012	NIL	113,895	0.007
March 31, 2012	NIL	92,019	0.008
December 31, 2011	NIL	299,699	0.03

(1) Interest income earned before 2013 was nominal and offset against bank service charges.

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 September 30, 2013, consist primarily of cash of $1,063,518 ($312,831 at December 31, 2012). All of the Company's cash is held on deposit, earning interest where applicable, in accredited Canadian and Swiss banks, 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.

Prior to 2013, the Company relied on private equity financings and loans from related parties to secure sufficient capital of the Company to meet its obligations. However, at September 30, 2013 the Company had working capital of $966,982 due to the successful completion of the Company's IPO in April 2013. 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 Company remains debt free and its credit and interest rate risks are minimal. Trade payables and accrued liabilities are short-term and non-interest bearing.

The period end cash balance of $1,063,518 (compared to $312,831 at December 31, 2012) has left the Company with a modest cash position from which to operate. Management is currently reviewing its options to ensure that it has sufficient cash resources to further exploration on its properties and meet its working capital needs in fiscal 2014.

Operating Activities

The Company depreciates its office and exploration equipment on a straight line basis over 3 to 5 years. Currently the Company has fully depreciated the cost of its equipment and does not anticipate significant spending for more equipment in the near term.

Stock based compensation of $317,321 was expensed to the Statement of Loss and Comprehensive Loss but added back to the Statement of Cash Flows as a non-cash item. Although the Company's stock option Plan was approved in 2011, no options were granted until April 2013 therefore no similar expense was recorded during 2012. Management believes the granting of stock options continues to be both a cash flow and cost effective way of attracting and incentivizing key personnel and consultants. This cost is calculated using the Black-Scholes option pricing model upon granting stock options and certain parameters of this estimating tool are beyond the control of the Company. Whether or not the stock options will be exercised is also out of Management's control and subject to the investing strategy and objectives of the option holder.

Investing Activities

There were no investing activities during the nine months ended September 30, 2013 and 2012.

Financing Activities

During the period, the Company successfully raised $1,770,611 net proceeds with the issuance of 5,000,000 common shares at $0.40 per share with the completion of the Company's April 2013 IPO. A total of $144,406 was withheld from the IPO proceeds for the agent's commission, agent's legal fees and disbursements and applicable HST therein. A further $84,983 has been capitalized to share issue costs on account of other professional and regulatory fees incurred in relation to completing the IPO (bringing total share issue costs to $229,389).In the same period in 2012, a total of $543,945 of shareholder loans was advanced to the Company by a company controlled by Keith Barron, principal shareholder and officer and director, and used for working capital. Prior to the end of the reporting period, Dr. Barron exchanged these advances, along with $267,570 of prior advances (total $811,515), for 5,410,100 Common Shares @$0.15 per share. A private placement of $1,500 for the subscription of 10,000 shares @ $0.15 per share also transpired during the prior year's nine-month 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 nine months ended September 30, 2013 a total of $148,837 (2012 - $74,700) was charged to the Company by Donna McLean, CFO and Jean Paul Pallier, Chief Geologist on account of management and technical consulting fees. Included in the accounts payable and accrued liabilities at period end is $17,299 (December 31, 2012 - $21,028) due and owing to these two officers the Company for providing such services. All technical consulting fees are charged to exploration expenses.

During the three months ended September 30, 2013 a total of $54,059 (2012 - $35,246) was charged to the Company by Donna McLean, CFO and Jean Paul Pallier, Chief Geologist on account of management and technical consulting fees.

ii) During the three months ended September 30, 2013, the Company engaged Elaine Ellingham, 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 her services therein.

iii) Included in accounts payable and accrued liabilities at period end is $15,000 for three months' unpaid directors' fees owed to Elaine Ellingham, Gerald Harper, Marvin Kaiser and Dr. Keith Barron, for the period ended September 30, 2013 (December 31, 2012 - $Nil).

iv) During 2012, it was agreed that Geosource Exploration Inc., ("Geosource"), a company controlled by Dr. Keith Barron, CEO and a director of the Company would provide the Company with rent-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 Geosource to provide services such as office space(s), administration, communications and vehicle usage. A total of $135,000 and $45,000 respectively was paid to the services company for the nine month and three month periods ended September 30, 2013. S*ee Note 13 – Commitments and Contingencies.*

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

vi) *See Note 7 – Shareholder's Loans and Note 13 – Commitments and Contingencies,* Interim Financial Statements.

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 interim consolidated 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 interim consolidated 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 interim consolidated 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 interim consolidated 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 interim consolidated 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 interim consolidated 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 interim consolidated 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
Property title may be subject to unregistered prior agreements and non-compliance of regulatory requirements.

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.

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. How much the Company will pay and when the Company will pay such expenditures is undetermined.

Financial risk management *– See Aurania's Financial Statements, 2012, Note 3 – Capital and Financial Risk Management*

Foreign Country Risk
The Property Interests are located outside of Canada and are subject to the risk of foreign investment, including increases in taxes and royalties, renegotiation of permits and currency exchange fluctuations.

The Company mitigates foreign country risk by keeping apprised of Switzerland's economic and political climate and by relying on certain Advisors, including technical and financial consultants to inform Management of any proposed change to the laws and regulations that could significantly impact the financial results of the Company.

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. $568,050) 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. $620) per diem, respectively. Early termination of these contracts requires 90 days' written notice by the party terminating the agreement therein.

1.15 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.

1.16 OUTLOOK

Aurania's Strengths:

- Host country politically stable with good infrastructure and community support
- 100% ownership of three Exploration Permits
- Five field seasons and two drill programs 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 additional drilling
- No defined reserves or resources
- Dependent on buoyant commodity price to attract and maintain investor support
- Switzerland not a recognized mining jurisdiction
- Continuing weakened capital and credit markets