AURANIA RESOURCES LTD.

MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

For the Year Ended December 31, 2013

(Expressed in Canadian Dollars unless otherwise indicated)

Dated: April 25, 2014

The following Management's Discussion and Analysis ("MD&A") is Management's review of the financial condition and results of operations for the year ended December 31, 2013 (the "reporting period") of Aurania Resources Ltd. ("Aurania" or the "Company"). This MD&A is prepared as at April 25, 2014 unless otherwise indicated and should be read in conjunction with the consolidated financial statements and the related notes for the year ended December 31, 2013 ("Annual Financial Statements") 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. The Company's common shares ("Common Shares") are traded 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 APRIL 25, 2014

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. On February 18, 2011, the Corporation registered extra-provincially in the Province of Ontario.

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 completed initial drill programmes on two of its Swiss properties in 2013. Management is completing the evaluation of the results of those drill programmes in order to finalize its 2014 summer exploration programmes. 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

Advisors
Stefan Ansermet
Bruno Pellaud

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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:

- **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.

2013 Annual Company Highlights

- ✓ Completed an Initial Preliminary Offering ("IPO") for gross proceeds of $2,000,000
- ✓ Commenced trading its common shares on the TSXV on April 17, 2013
- ✓ Completion of initial diamond drill programmes as follows:
  - 12 holes totaling 1390m at Mont Chemin; and
  - 4 holes totaling 623m at Siviez

Share Data

As at	Common Shares	Warrants	Stock Options	Fully Diluted
December 31, 2012	16,982,873	776,862 (1)	-	17,759,735
December 31, 2013 and April 25, 2014	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 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 $5,327,921 (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.

During the reporting period, the Company expended approximately $419,000 for the completion of a Phase I drill programme at Mont Chemin *(See Exploration Update)*. This work was completed by the Company, on time and on budget. The funding for the drill programme had been allocated from proceeds of the Company's IPO. An additional $80,000 was spent for technical services consulting fees for the management of this work programme.

The Company further expended approximately $189,000 for the completion of a Phase I drill programme at Siviez (*See Exploration Update)*. The Company expended approximately $8,000 for technical consulting fees for the management of this work programme including the demobilization of the drilling equipment and restoration costs of the Fall 2013 diamond drill program at Siviez.

During the same reporting period in 2012, the Company expended $43,605 on its projects in Switzerland. Management was focusing on refining the proposed Phase I drill programmes, presenting to potential investors and applying to the TSXV to list its common shares.

Operating Results

For the year ended December 31, 2013, the Company posted an operations loss of $1,633,393 compared to $325,832 for the previous year. Approximately 45% of the reporting period expenditures were attributable to the implementation and management of the 2013 drill programmes on the Swiss properties (~$430,00) and another 26% of these expenditures were attributable to the fair value assigned to stock options granted to directors, officers and consultants during the period ($384,127) *(See Capital Resources).* In 2012, there was no active exploration activity performed due to fiscal constraints and certain Managerial priorities (as previously listed). However, approximately $49,000 was incurred for project management and administrative costs to prepare for the 2013 drill programmes.

No stock options were granted during 2012.

Cash Flows

During the reporting period, financing activities included the issuance of 5,000,000 common shares through the IPO, for net proceeds of $1,770,611. These funds were used to reduce payables and cover the costs of the aforementioned drilling programmes. During the same period in 2012, Management relied on shareholder loans ($543,945), a small private placement ($1,500) and a Warrants Offering ($310,745) for working capital and to reduce trade and other payables. The loans were exchanged for Common Shares of the Company, during the period.

SELECTED PERIOD FINANCIAL RESULTS

Financial Position as at	**December 31, 2013**	December 31, 2012	December 31, 2011
Cash	**$892,486**	$312,831	$53,892
Total assets [(1)]	**$897,746**	$350,819	$65,204
Total liabilities	**$234,106**	$208,524	$1,009,250
Shareholders' equity (deficit)	**$663,640**	$142,295	$(944,046)
Deficit	**$(5,327,921)**	$(3,694,528)	$(3,368,696)

(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 $2,628,595 on exploration of its Swiss properties.

Operating Results	**Year ended December 31, 2013**	Year ended December 31, 2012	Year ended December 31, 2011
Revenues (interest income)	**$(5,013)**	**$ -**	**$-**
Total operating expenses	**$1,477,397**	$235,304	$854,696
Project expenditures (during the period)	**$699,780**	$48,920	$264,873
Other expenses (income)	**$161,009**	$90,528	$(11,373)
Total loss and comprehensive loss	**$1,633,393**	$325,832	$843,323
Basic and diluted loss per share	**$0.077**	$0.021	$0.080

Cash flows	**Year ended December 31, 2013**	Year ended December 31, 2012	Year ended December 31, 2011
Operating	**$(1,225,896)**	$(562,311)	$(658,567)
Investing	**$-**	$-	$(1,273)
Financing	**$1,770,611**	$856,190	$531,983
Increase (decrease) in cash for the period	**$579,655**	$258,939	$(127,857)

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 National Instrument 43-101 Technical Report, both filed on www.sedar.com.

Mont Chemin

During the reporting period, an initial 1390m in 12 holes, diamond drill programme 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.

Results were reported as follows:

- Intervals assaying 1 gram per tonne (“g/t”) or better:

Hole Number	From	To	Interval	Gold Assay
MC-2013-01	84.1 metres	86.6 metres	2.50 m	1.77 g/t
MC-2013-01	93.4 metres	95.4 metres	2.00 m	27.93 g/t
Including	94.4 metres	95.4 metres	1.00 m	54.80 g/t
MC-2013-02	29.0 metres	30.0 metres	1.00 m	1.14 g/t
MC-2013-02	58.0 metres	59.0 metres	1.00 m	1.21 g/t
MC-2013-03	41.1 metres	42.4 metres	1.00 m	1.03 g/t
MC-2013-04	67.0 metres	68.0 metres	1.00 m	2.22 g/t
MC-2013-04	95.0 metres	96.0 metres	1.00 m	5.29 g/t
MC-2013-04	175.0 metres	176.0 metres	1.00 m	25.20 g/t
MC-2013-04	184.0 metres	185.0 metres	1.00 m	2.03 g/t
MC-2013-05	No significant assays			
MC-2013-06	33.9 metres	34.9 metres	1.00 m	1.00 g/t
MC-2013-07	No significant assays			
MC-2013-08	No significant assays			
MC 2013-09	20.2 metres	21.2 metres	1.00 m	2.18 g/t
MC-2013-10	No significant assays			

MC-2013-11	No significant assays
MC-2013-12	No significant assays

- Intervals assaying 2g silver per tonne or better:

Hole Number	From	To	Interval	Silver Assay
MC-2013-01	20.0 metres	21.0 metres	1.00 m	4.30 g/t
MC-2013-01	44.8 metres	46.0 metres	1.20 m	21.20 g/t
MC-2013-01	94.4 metres	95.4 metres	1.00 m	8.10 g/t
MC-2013-01	115.0 metres	116.0 metres	1.00 m	11.90 g/t
MC-2013-01	59.9 metres	61.1 metres	1.20 m	4.70 g/t
MC-2013-02	24.5 metres	25.6 metres	1.10 m	7.10 g/t
MC-2013-02	38.7 metres	40.2 metres	1.50 m	30.20 g/t
MC-2013-02	48.8 metres	50.1 metres	1.30 m	23.90 g/t
MC-2013-02	56.0 metres	59.0 metres	3.00 m	2.97 g/t
MC-2013-03	3.6 metres	4.7 metres	1.10 m	3.08 g/t
MC-2013-03	25.0 metres	28.0 metres	3.00 m	3.70 g/t
MC-2013-03	39.4 metres	42.4 metres	3.00 m	3.57 g/t
MC-2013-04	67.0 metres	68.0 metres	1.00 m	6.30 g/t
MC-2013-04	89.9 metres	90.9 metres	1.00 m	9.10 g/t
MC-2013-04	95.0 metres	96.0 metres	1.00 m	22.50 g/t
MC-2013-04	126.0 metres	127.0 metres	1.00 m	130.0 g/t
MC-2013-04	131.7 metres	132.7 metres	1.00 m	7.40 g/t
MC-2013-04	140.0 metres	141.0 metres	1.00 m	4.70 g/t
MC-2013-04	145.0 metres	146.0 metres	1.00 m	18.90 g/t
MC-2013-04	169.0 metres	170.0 metres	1.00 m	2.20 g/t
MC-2013-04	171.0 metres	174.0 metres	3.00 m	16.47 g/t
MC-2013-04	175.0 metres	176.0 metres	3.00 m	7.6 g/t
MC-2013-05	No significant assays			
MC-2013-06	60.0 metres	61.0 metres	1.00 m	10.5 g/t
MC-2013-06	72.0 metres	73.0 metres	1.00 m	24.3 g/t
MC-2013-06	73.0 metres	74.0 metres	1.00 m	2.6 g/t
MC-2013-07	No significant assays			
MC-2013-08	12.75 metres	13.75 metres	1.00 m	2.1 g/t
MC-2013-09	42.15 metres	42.75 metres	0.60 m	2.8 g/t
MC-2013-09	84.0 metres	86.0 metres	2.00 m	3.2 g/t
MC-2013-10	38.5 metres	39.7 metres	1.20 m	2.5 g/t
MC-2013-10	84.0 metres	85.0 metres	1.00 m	3.1 g/t
MC-2013-11	No significant assays			
MC-2013-12	No significant assays			

In addition to the drill samples, four grab samples from two separate sphalerite (zinc) skarns at Mont Chemin were submitted for ICP-MS analysis and returned up to 88.4 parts per million of indium. Indium is a specialty metal used primarily used for thin-film coatings of LCD (liquid crystal display) panels on computer screens. Indium is currently quoted at around $500 US per kilogram. To date very little work has been done by Aurania on the zinc occurrences but this may be re-considered in light of this new information.

Further commentary on the Mont Chemin drill programme results may be viewed in a press release dated December 3, 2013 filed on www.sedar.com.

Next Steps

- Aurania is investigating the possibility of a second drill programme consisting of drilling several zones from underground in the Hubacher tunnel, an existing adit that was driven to explore for fluorite mineralization in the 1980's. The tunnel predates the discovery of gold.

Siviez

Upon completion of the Mont Chemin drilling, the diamond drill was mobilized to the Siviez uranium-copper-gold project to complete an initial 623m programme, in four holes, designed to test surface showings and radiometric anomalies. This decision was based on the availability of the drill, the minimal mobilization cost, and road access to the northern-most part of the large Siviez property. The holes were selected to better understand the structural geology with the goal of improving target selection for the more significant drill programme planned for 2014.

Although no significant anomalies were intersected by these initial four holes, it is important to note that the Siviez property has uranium-copper mineralization exposed along more than a six km strike length. The mineralization straddles the contact between the Nendaz Series, a Permo-Carboniferous unit of greenschist metamorphosed fluvial to fluvial-deltaic sediments, and the Siviez Series, a complex of predominantly banded metamorphosed mafic volcanic rocks. Uranium mineralization observed in outcrop at Siviez consists of disseminations, pods, and swarms of small veins of pitchblende and coffinite, together with pyrite and ubiquitous copper sulphites (chalcopyrite, tetrahedrite, chalcocite and covellite) as well as secondary copper carbonates (azurite and malachite). Native gold has been identified, but its distribution at Siviez is as yet, unclear.

Further commentary on the Siviez project may be viewed in a press release dated February 14, 2014 filed on www.sedar.com.

Next Steps

- Comprehensive structural mapping campaign to better constrain future drilling

Marécottes

There was no exploration activity at Marécottes in 2013 thus allowing Management to focus its resources on the Mont Chemin and Siviez projects on a timely basis. However, a survey programme 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.

Mining Permits Status and Renewals

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.

The Company has three exploration Permits that have expiry dates from 2014 to 2015. The Company has applied to have the 2014 Permits (Mont Chemin and Siviez) renewed for a second five-year term and intends to apply for a second five-year term for the Marécottes Permit, at the appropriate time. Management knows of no impediment to obtaining the renewal of the Permits.

B. FINANCIAL PERFORMANCE

At December 31, 2013, the Company had cash of $892,486 and current liabilities of $234,106 ($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 $229,389 was withheld from the IPO proceeds for agent’s fees and professional and regulatory fees incurred in relation to completing the IPO. As per IFRS the Company has distinguished between costs incurred related to the IPO from those incurred in relation to listing its Common Shares on the TSXV. Thus additional expenses of $151,569 were recorded as listing fees for the year ended December 31, 2013 ($77,728 – 2012).

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 programme 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 $140,000, year-over-year (directors fees $45,000, regulatory and transfer agent fees $36,000, business development and investor relations $38,000, insurance $7,600 and other general and administration costs $13,400).

During the reporting period, a fair value of $384,127 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 grants of Stock Options under the Company’s 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. For the year ended December 31, 2013 a total of $45,000 was paid to the directors, for Q2, Q3 and Q4 directors’ fees.

Other expenses and income: the Company is earning interest from funds held on deposit, in a savings account held in a Canadian chartered bank. The Canadian dollar was outperformed by the Swiss Franc and Euro during the period therefore foreign exchange translation gains decreased from $12,800 in 2012 to $9,440 recorded in 2013.

1.6 SUMMARY OF QUARTERLY RESULTS

Quarters Ended	Revenue ($) (1)	Net Loss ($)	Loss per Share ($)
December 31, 2013	1,934	370,248	0.016
September 30, 2013	3,079	239,385	0.009
June 30, 2013	NIL	884,731	0.044
March 31, 2013	NIL	139,129	0.008
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

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

In the fourth quarter of 2013, the Company spent $195,510 on the drill programme at Siviez. This represented 53% of the operating expenses reported for the quarter. Further drilling will be required to advance the project. *See Exploration Update.* Directors' fees ($15,000), management fees ($28,850) and insurance ($2,737) were consistent with those expenses reported for the third quarter of 2013. Stock-based compensation expense is being amortized and expensed over the vesting period of the options which is three years from the date of grant ($66,806 in Q4 compared to $86,477 in Q3).

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 December 31, 2013 consisted primarily of cash of $892,486 ($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 programmes 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 December 31, 2013 the Company had working capital of

$663,640 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. Dr. Keith Barron, 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 $892,486 (compared to $312,831 at December 31, 2012) has left the Company with a modest cash position from which to operate for the near term. 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.

<u>Operating Activities</u>

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 $384,127 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.

<u>Investing Activities</u>

There were no investing activities during the year ended December 31, 2013 and 2012.

<u>Financing Activities</u>

During 2013, 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 $194,449 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 $34,940 was identified and recorded as share issue costs associated with the impending IPO financing that finally closed in April 2013.

During 2012, a total of $543,945 of shareholder loans was advanced to the Company by a company controlled by Dr. 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 and a Special Warrants Offering added $310,745 to cash.

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 years ended December 31, 2013 and 2012, a total of $60,000 plus applicable taxes was charged to the Company by the CFO on account of management consulting fees. Included in the accounts payable and accrued liabilities at December 31, 2013 is $5,650 (December 31, 2012 - $22,150) 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 programme. A fee of $4,200 plus HST was paid for these services.

iii) During the year ended December 31, 2013 a total of $45,000 (2012 - $nil) was paid for directors fees.

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, 2013, the Company incurred $180,000 (2012 - $nil) in relation to this agreement.

v) During 2012, it was agreed that GEI 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.

vi) 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, 2013, Dr. Barron retains beneficial ownership of 62% of the Company's share capital.

vii) 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,	**2013(S)**	2012($)
Directors' fees	**45,000**	Nil
Management fees (net of HST)	**60,500**	60,000
Stock-based compensation	**362,210**	Nil
	467,710	60,000

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. The nature and effect of the changes are explained below.

IFRS 7 — ***Financial Instruments: Disclosures*** ("IFRS 7") was amended by the IASB in December 2011 to amend the disclosure requirements in IFRS 7 to require information about all recognised financial instruments that are offset in accordance with paragraph 42 of IAS 32 Financial Instruments: Presentation. The amendments also require disclosure of information about recognised financial instruments subject to enforceable master netting arrangements and similar agreements even if they are not set off under IAS 32.

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.

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 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 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 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 consolidated financial statements.

IAS 1 - *The Presentation of Financial Statements* ("IAS 1") has adopted amendments to IAS 1 effective January 1, 2013. These amendments require 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 amendments to this new standard and determined that they did not result in any material change to the 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 does 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 consolidated financial statements.

<u>New Accounting Standards Issued But Not Yet Effective</u>

The following have not yet been adopted. The Company does not believe the adoption of these standards will have a material impact on the Company's 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, 2018, 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.

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.

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 has not yet assessed the impact on its financial statements. IFRIC 21 is effective for annual periods beginning on or after January 1, 2014.

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.

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.

Financial Instruments

Fair Value
IFRS requires that the Company disclose information about the fair value of its financial assets and liabilities. The Caring amounts of cash and cash equivalents, sundry receivables, accounts payable and accrued liabilities on the Statements of Financial Position approximate fair value because of the limited term of these instruments.

Fair value estimates are made by the Company at the date of the statement of financial position based on relevant market information and information about the financial instrument. These estimates are subjective in nature and involve uncertainties in significant matters of judgment and therefore cannot be determined with precision.

Financial risk
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).

In general, 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, 2013 and 2012.

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's credit risk is primarily attributable to cash, sundry receivables and other investments.

The Company has no significant concentration of credit risk arising from its operations. Cash is held at select reputable Canadian and Swiss financial institutions, from which management believes the risk of loss to be remote.

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. The Company currently has no significant financial obligations and a modest cash position therefore Management believes that liquidity risk is low. However to advance the projects going forward the Company will have to raise adequate financing in the market through equity issuances or debt mechanisms and that may result in taking on greater financial obligations and potentially increased liquidity risk.

c) Market risk

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

i) Interest rate risk

Excess cash is 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 and is satisfied with the credit worthiness of its financial institutions.

ii) Foreign currency risk

Certain of the Company's expenses are incurred in Swiss francs ("CHF") and Euros 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 formally hedging its foreign exchange risk. However the Company maintains bank accounts in foreign currency denominations in order to meets its trade payable obligations on a timely and with minimal foreign exchange risk.

At December 31, 2013 and 2012, the Company's exposure to foreign currency risk with respect to amounts denominated in CHF, was substantially as follows:

In Canadian $ equivalents	**2013**	2012
Cash	**$140,520**	$ 17,113
Accounts payable and accrued liabilities	**(45,562)**	(17,235)
Net exposure	**$94,958**	$ (122)

Exposure to foreign currency risk with respect to amounts denominated in other foreign currencies at these dates was immaterial.

d) ***Commodity price risk***

Commodity price risk is defined as the potential adverse future impact on earnings and economic value due to commodity price movements and volatilities. Commodity price risk could adversely affect the Company.

***In particular, the Company's future profitability and viability of development depends upon the world market price of gold, uranium and certain other metals. Commodity prices have fluctuated significantly in recent years. There is no assurance that, even as commercial quantities of these metals may be produced in the future, a profitable market will exist for them. As of December 31, 2013 and 2012, the Company was not a commodity producer. Commodity price risk may affect the completion of future equity transactions such as equity offerings and the exercise of stock options and warrants. This may also affect the Company's liquidity and its ability to meet its ongoing obligations*.**

e) ***Sensitivity analysis***

The Company is exposed to foreign currency risk of fluctuations on financial instruments that are denominated in Swiss francs (CHF) and Euros related to cash balance and trade accounts payable.

As of December 31, 2013 and 2012, 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 $9,500 (2012 - $12) at December 31, 2013. A 10% weakening of the Canadian dollar against the same would have had an equal but opposite effect.

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 Dr. Barron, a director, officer and principal shareholder of the Company has personally lodged a CHF 500,000 (CDN. $594,600) 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), ("GEI"), at an annual cost of $180,000. If GEI 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 GEI, in addition to any other amounts then owed.

The Company also entered into two annual consulting agreements dated January 1, 2013, with the CFO and Project Manager of the Company, for management consulting fees of $60,000 (plus HST) per annum and CHF 545 (CDN. $648), 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 and technical information contained has been prepared or reviewed by Aurania’s Chief Geologist, Jean-Paul Pallier, a designated EurGeol by the European Federation of Geologists and ‘Qualified Person’ for the purpose of National Instrument 43-101, Standards of Disclosure for Mineral Projects of the Canadian Securities Administrators.

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 programmes completed with experienced exploration team in place
- Sufficient working capital 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