AURYN RESOURCES

(Formerly "Georgetown Capital Corp.")

(An exploration stage company)

Consolidated Financial Statements
Years ended June 30, 2013 and 2012

(Expressed in Canadian dollars unless otherwise stated)

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INDEPENDENT AUDITOR'S REPORT

To the Shareholders of Auryn Resources Inc.

We have audited the accompanying consolidated financial statements of Auryn Resources Inc. (formerly Georgetown Capital Corp.), which comprise the consolidated statements of financial position as at June 30, 2013 and 2012 and the consolidated statements of loss and comprehensive loss, changes in equity and cash flows for the years then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with International Financial Reporting Standards, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audits. We conducted our audits in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements, and plan and perform the audits to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the consolidated financial statements present fairly, in all material respects, the financial position of Auryn Resources Inc. as at June 30, 2013 and 2012, and its financial performance and its cash flows for the years then ended in accordance with International Financial Reporting Standards.

Hay + Watson

Chartered Accountants
Vancouver, British Columbia
October 28, 2013

Auryn Resources Inc.

(Formerly "Georgetown Capital Corp.")
Consolidated Statements of Financial Position

(Expressed in Canadian dollars, unless otherwise stated)

		At June 30, 2013		At June 30, 2012
Assets				
Current assets:				
Cash and cash equivalents	$	1,286,803	$	1,547,755
Amounts receivable		6,469		37,693
Prepaid expenses and deposits		9,467		9,779
Total assets	**$**	**1,302,739**	**$**	**1,595,227**
Liabilities and Equity				
Liabilities				
Current liabilities:				
Accounts payable and accrued liabilities	$	139,663	$	30,279
		139,663		30,279
Equity				
Share capital (note 5)		2,768,786		2,768,786
Equity reserves (note 6)		19,717		19,717
Accumulated other comprehensive income		–		(17,866)
Deficit		(1,625,427)		(1,205,689)
		1,163,076		1,564,948
Total liabilities and equity	**$**	**1,302,739**	**$**	**1,595,227**

Subsequent events (note 12)

Approved on behalf of the Board of Directors:

"Ivan Bebek"
Director

"Shawn Wallace"
Director

See accompanying notes to these consolidated financial statements.

Auryn Resources Inc.
(Formerly "Georgetown Capital Corp.")
Consolidated Statements of Loss and Comprehensive Loss
Years ended June 30

(Expressed in Canadian dollars, unless otherwise stated)

		2013		2012
Administration expenses:				
Consulting fees, directors' fees, wages and benefits (note 7)	$	97,141		78,447
Legal and professional fees		20,009		30,219
Office, rent and administration		48,826		56,795
Regulatory, transfer agent and shareholder information		19,690		17,316
Travel, promotion and investor relations		36,356		11,925
		222,022		194,702
Other (income) expenses:				
Write-off exploration and evaluation assets (note 4)		–		707,668
Project investigation costs		151,959		–
Interests and other income		(17,112)		(14,915)
Provision for uncollectible ITCs		44,021		–
Reclassification of cumulative translation adjustment		19,400		–
Foreign exchange (gain) loss		(552)		964
		197,716		693,717
Loss for the period		(419,738)		(888,419)
Foreign currency translation adjustment		(1,534)		18,996
Reclassification of cumulative translation adjustment		19,400		(27,825)
Comprehensive loss for the period	**$**	**(401,872)**	**$**	**(897,248)**
Basic and diluted loss per share	$	(0.03)	$	(0.07)
Weighted average number of shares outstanding		13,335,605		13,335,605

See accompanying notes to these consolidated financial statements.

Auryn Resources Inc.
(Formerly "Georgetown Capital Corp.")
Consolidated Statements of Changes in Equity

(Expressed in Canadian dollars, unless otherwise stated)

	Number of common shares		Share capital		Equity reserves (note 6)		Deficit		Accumulated other comprehensive income		Total
Balance at June 30, 2011	**13,335,605**	**$**	**2,768,786**	**$**	**19,717**	**$**	**(317,270)**	**$**	**(9,037)**	**$**	**2,462,196**
Net loss for the period	–		–		–		(888,419)		–		(888,419)
Reclasification of cumulative translation adjustment on write-off of exploration and evaluation assets	–		–		–		–		(27,825)		(27,825)
Foreign currency translation adjustment	–		–		–		–		18,996		18,996
Balance at June 30, 2012	**13,335,605**	**$**	**2,768,786**	**$**	**19,717**	**$**	**(1,205,689)**	**$**	**(17,866)**	**$**	**1,564,948**
Net loss for the period	–		–		–		(419,738)		–		(419,738)
Reclasification of cumulative translation adjustment on dissolution of subsidiary	–		–		–		–		19,400		19,400
Foreign currency translation adjustment	–		–		–		–		(1,534)		(1,534)
Balance at June 30, 2013	**13,335,605**	**$**	**2,768,786**	**$**	**19,717**	**$**	**(1,625,427)**	**$**	**–**	**$**	**1,163,076**

See accompanying notes to these consolidated financial statements.

Auryn Resources Inc.

(Formerly "Georgetown Capital Corp.")
Consolidated Statements of Cash Flows
Years ended June 30

(Expressed in Canadian dollars, unless otherwise stated)

		2013		2012
Cash provided by (used in):				
Operating activities:				
Loss for the period	$	(419,738)	$	(888,419)
Items not involving cash:				
Interest income classified as investing activity		(17,112)		(14,915)
Reclasification of cumulative translation adjustment		19,400		–
Unrealized foreign exchange		(713)		(1,913)
Provision for uncollectible ITCs		18,171		–
Write-off of exploration and evaluation assets		–		707,668
Changes in non-cash working capital:				
Amounts receivable		5,460		(1,006)
Prepaid expenses and deposits		312		(190)
Accounts payable and accrued liabilities		109,384		4,286
Cash used in operating activities		(284,836)		(194,489)
Investing activities:				
Interest received		24,705		854
Exploration and evaluation assets		–		(260,405)
Cash provided by (used in) investing activities		24,705		(259,551)
Effect of foreign exchange rate changes on cash and cash equivalents		(821)		1,913
Decrease in cash and cash equivalents		(260,952)		(452,127)
Cash and cash equivalents, beginning of period		1,547,755		1,999,882
Cash and cash equivalents, end of period	**$**	**1,286,803**	**$**	**1,547,755**

Supplemental cash flow information (note 11)

See accompanying notes to these consolidated financial statements.

1. Corporate information

Auryn Resources Inc., (formerly Georgetown Capital Corp.) (the "Company") was incorporated on June 9, 2008, under the British Columbia Business Corporations Act. The Company's principal business activities include the acquisition, exploration and development of resource properties. The Company currently has no mineral property interests. The business of the Company involves a high degree of risk and there is no assurance that the Company will identify appropriate properties for acquisition or investment and, even if so identified and warranted, that it will be able to finance the acquisition or investment. In the event that the Company is not able to identify an appropriate mineral property for acquisition or investment in accordance with the listing requirements of the TSX Venture Exchange (the " Exchange"), there is a risk that the Company, at the discretion of the Exchange, will be transferred to the NEX board as an inactive company. The Company is currently considered active.

Effective October 15, 2013, the Company changed its name to Auryn Resources Inc.

The head office and principal address of the Company are located at 1199 West Hastings Street, Suite 600, Vancouver, British Columbia, V6E 3T5.

2. Basis of presentation

(a) Statement of compliance

These consolidated financial statements of the Company have been prepared in accordance with the International Financial Reporting Standards ("IFRS"), as issued by the International Accounting Standards Board ("IASB"), effective for the Company's reporting for the year ended June 30, 2013.

The Board of Directors authorized these consolidated financial statements for issue on October 28, 2013.

(b) Basis of presentation and consolidation

The consolidated financial statements have been prepared on a historical cost basis.

The consolidated financial statements included the accounts of the Company and its controlled and wholly-owned subsidiary Georgetown Alaska Inc. ("GTA") until August 10, 2012, the effective date of the GTA's voluntarily dissolution. GTA's functional currency was the US dollar and on dissolution the cumulative translation adjustment was reclassified to the statement of loss and comprehensive loss in the current year.

The Company's functional and presentation currency is the Canadian dollar. These consolidated financial statements are presented in Canadian dollars, unless otherwise noted.

(c) Significant accounting judgments and estimates

The preparation of financial statements in conformity with IFRS requires management to make estimates and assumptions that affect amounts reported in the consolidated financial statements and accompanying notes. Actual results could differ from those estimates. These consolidated financial statements have, in management's opinion, been properly prepared using careful judgment within the framework of the significant accounting policies summarized in note 3(n).

2. Basis of presentation (continued)

(d) Going concern of operations

These consolidated financial statements have been prepared on the basis of accounting principles applicable to a going concern which assumes that the Company will be able to realize its assets and discharge its liabilities in the normal course of operations. The ability of the Company to meet its commitments as they become due, including completion of the acquisition of an interest in and exploration and development of its mineral properties, is dependent upon the existence of economically recoverable reserves, the Company’s ability to obtain the necessary financing to complete exploration and development and upon future profitable production or proceeds from disposition of these properties. The outcome of these matters cannot be predicted at this time. These consolidated financial statements do not include any adjustments to the amounts and classifications of assets and liabilities that might be necessary should the Company be unable to continue operations. Such adjustments could be material.

3. Significant accounting policies

(a) Foreign currency translation

The financial statements of the Company are prepared in its functional currency, which is denominated based on the primary economic environment in which operates. The functional and presentation currency of the Company is the Canadian dollar, while the functional currency of GTA was the US dollar. Amounts in United States dollars are denoted as US$.

Transactions in currencies other than the functional currency are recorded at the rates of exchange prevailing at the transaction dates. At each statement of financial position date, monetary items denominated in foreign currencies are translated into the entity’s functional currency at the then prevailing rates and non–monetary items measured at historical cost are translated into the entity’s functional currency at rates in effect at the date the transaction took place.

Exchange differences arising on the settlement of monetary items or on translating monetary items at rates different from those at which they were translated on initial recognition during the period or in previous financial statements are included in the statement of comprehensive income or loss for the period in which they arise.

(b) Financial instruments

1. Financial assets

The Company’s financial assets are comprised of cash and cash equivalents and receivables. All financial assets are initially recorded at fair value plus, in the case of financial assets not designated as fair value through profit or loss, directly attributable transaction costs and designated upon inception into one of four categories: fair value through profit or loss, held-to-maturity, available-for-sale, or loans and receivables.

Subsequent to initial recognition, the financial assets are measured in accordance with the following:

i. Financial assets classified as fair value through profit or losses are measured at fair value. All gains and losses resulting from changes in their fair value are included in net income (loss) in the period in which they arise.

ii. Held-to-maturity investments and loans and receivables are initially measured at fair value and subsequently measured at amortized cost. Amortization of premiums or discounts and transaction costs are recorded in net income (loss), using the effective interest method less any impairment.

iii. Available-for-sale financial assets are measured at fair value, with unrealized gains and losses recorded in other comprehensive income until the asset is realized, at which time they will be recorded in net income (loss). Other than temporary impairments on available-for-sale financial assets are recorded in net income (loss).

3. Significant accounting policies (continued)

(b) Financial instruments (continued)

iv. Loans and receivables are financial assets with fixed or determinable payments that are not quoted in an active market. Subsequent to initial recognition, loans and receivables are measured at amortized cost using the effective interest method, less any impairment losses, with gains and losses recognized in net income or loss in the period that the asset is derecognized or impaired. Short-term investments are classified as loans and receivables.

v. Derivatives embedded in other financial instruments or non-financial contracts (the "host instrument") are treated as separate derivatives with fair value changes recognized in the statement of comprehensive income or loss when their economic characteristics and risks are not clearly and closely related to those of the host instrument, and the combined instrument or contract is not held for trading. There were no embedded derivatives identified in a review of the Company's contracts. Free-standing derivatives that meet the definition of an asset or liability are measured at their fair value and reported in the Company's financial statements.

The Company assesses at each reporting period date whether there is any objective evidence that a financial asset or a group of financial assets is impaired. A financial asset or group of financial assets is deemed to be impaired if there is objective evidence that as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows of the financial asset or the group of financial assets have declined.

2. Financial liabilities

The Company's financial liabilities are comprised of trade payables and other. All financial liabilities are initially recorded at fair value and designated upon inception as fair value through profit or loss or other liabilities.

Subsequent to initial recognition, the financial liabilities are measured in accordance with the following:

i. Financial liabilities classified as other liabilities are initially recognized at fair value net of any transaction costs. After initial recognition, other liabilities are subsequently measured at amortized cost using the effective interest method. The effective interest method is a method of calculating the amortized cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments through the expected life of the financial liability, or, where appropriate, a shorter period. The Company's accounts payable and accrued liabilities are classified as other liabilities. Trade payables amounts are unsecured and are usually paid within 30 days of recognition.

ii. Financial liabilities classified as fair value through profit or loss include financial liabilities held for trading and financial liabilities designated upon initial recognition as fair value through profit or loss. Derivatives, including separated embedded derivatives are also classified as held for trading unless they are designated as effective hedging instruments. Fair value changes on financial liabilities classified as fair value through profit or loss are recognized through the statement of comprehensive income or loss. At June 30, 2013 and 2012 the Company did not have any financial liabilities classified as fair value through profit or loss.

(c) Cash and cash equivalents

Cash and cash equivalents consist of highly liquid short-term investments that are readily convertible to cash and have maturities with terms of less than ninety days and/or with original maturity days over ninety days but redeemable on demand without penalty.

(d) Property, plant and equipment

On initial recognition, property, plant and equipment are valued at cost, being the purchase price and directly attributable cost of acquisition or construction required to bring the asset to the location and condition necessary to be capable of operating in the manner intended by the Company, including appropriate borrowing costs and the estimated present value of any future unavoidable costs of dismantling and removing items. The corresponding liability is recognized within provisions.

3. Significant accounting policies (continued)

(d) Property, plant and equipment (continued)

Property, plant and equipment is subsequently measured at cost less accumulated depreciation, less any impairment losses, with the exception of land which is not depreciated.

When parts of an item of property, plant and equipment have different useful lives, they are accounted for as separate items of property, plant and equipment.

Gains and losses of disposal of an item of property, plant and equipment are determined by comparing the proceeds from disposal with the carrying amount, and are recognized net within other income in profit or loss.

Depreciation methods and residual values are reviewed at each financial year-end and adjusted if appropriate.

As at June 30, 2013 and 2012 the Company did not hold any property, plant and equipment.

(e) Exploration and evaluation assets

The Company accounts for exploration and evaluation expenditures costs in accordance with IFRS 6 - Exploration for and Evaluation of Mineral Resources (“IFRS 6”). Once the legal right to explore a property has been acquired, costs directly related to exploration and evaluation are recognized and capitalized, in addition to the acquisition costs. These expenditures include but are not limited to acquiring licenses, researching and analysing existing exploration data, conducting geological studies, exploration drilling and sampling, payments made to contractors and consultants in connection to the exploration and evaluation of the property. Costs not directly attributable to exploration and evaluation activities, including general administrative overhead costs, are expensed in the year in which they occur.

When a project is deemed to no longer have commercially viable prospects to the Company, exploration and evaluation expenditures in respect of that project are deemed to be impaired. As a result, those exploration and evaluation expenditure costs, in excess of the estimated recoverable amount, are written-off to the statement of comprehensive loss.

The Company assesses exploration and evaluation assets for impairment when facts and circumstances suggest that the carrying amount of an asset may exceed its recoverable amount. The recoverable amount is the higher of the asset’s fair value less costs to sell and value in use.

Once the technical feasibility and commercial viability of extracting the mineral resource has been determined, the property is considered to be a mine under development. Exploration and evaluation assets are also tested for impairment before the assets are transferred to development properties.

As the Company currently has no operational income, any incidental revenues earned in connection with exploration activities would be applied as a reduction to capitalized exploration costs.

(f) Impairment of non-financial assets

At each date of the statement of financial position, the Company reviews the carrying amounts of its tangible and intangible assets to determine whether there is an indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Where it is not possible to estimate the recoverable amount of an individual asset, the Company estimates the recoverable amount of the cash−generating unit to which the assets belong.

The recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre−tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset.

3. Significant accounting policies (continued)

(f) Impairment of non-financial assets

If the recoverable amount of an asset (or cash−generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or cash−generating unit) is reduced to its recoverable amount. An impairment loss is recognized immediately in the statement of comprehensive income or loss, unless the relevant asset is carried at a revalued amount, in which case the impairment loss is treated as a revaluation decrease.

Where an impairment loss subsequently reverses, the carrying amount of the asset (cash generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognized for the asset (or cash−generating unit) in prior years.

(g) Provisions

1. General

   Provisions are recorded when a present legal or constructive obligation exists as a result of past events where it is probable that an outflow of resources embodying economic benefit will be required to settle the obligation, and a reliable estimate of the amount of the obligation can be made.

2. Rehabilitation and site restoration

   An obligation to incur rehabilitation and site restoration costs arises when environmental disturbance is caused by the exploration, development or on-going production of a mineral property interest. Such costs arising from the decommissioning of plant and other site preparation work, discounted to their net present value, are provided for and capitalized at the start of each project, as soon as the obligation to incur such costs arises. These costs are charged to the statement of comprehensive income or loss over the life of the operation, through the amortization and the unwinding of the discount in the provision. Costs for restoration of subsequent site damage, which is created on an on-going basis during production, are provided for at their estimated net present values and charged against earnings as extraction progresses.

   As at June 30, 2013 and 2012 the Company has no rehabilitation and site restoration obligations.

(h) Income recognition

Interest from cash and short-term investments is recorded on an accrual basis when collection is reasonably assured.

(i) Comprehensive loss

Comprehensive loss consists of net loss and other comprehensive income or loss (“OCI”). OCI represents changes in shareholders’ equity during a period arising from transactions and other events with non-owner sources.

(j) Share capital

Financial instruments issued by the Company are classified as equity only to the extent that they do not meet the definition of a financial liability or financial asset. The Company’s common shares, and share warrants are classified as equity instruments.

Incremental costs directly attributable to the issuance of new shares are shown in equity as a deduction, net of tax, from the proceeds.

3. Significant accounting policies (continued)

(k) Earnings (loss) per share

Basic earnings (loss) per share is calculated by dividing the net earnings (loss) available to common shareholders by the weighted average number of shares outstanding during the reporting period. The diluted earnings (loss) per share is calculated by dividing the net earnings (loss) available to common shareholders by the weighted average number of shares outstanding on a diluted basis. The weighted average number of shares outstanding on a diluted basis takes into account the additional shares for the assumed exercise of share purchase options and share purchase warrants, if dilutive. The number of additional shares is calculated by assuming that outstanding stock options were exercised and that the proceeds from such exercises were used to acquire common stock at the average market price during the reporting period.

(l) Share-based payments

From time to time, the Company grants share purchase options to employees and non-employees. An individual is classified as an employee, versus a non-employee, when the individual is an employee for legal or tax purposes (direct employee) or provides services similar to those performed by a direct employee.

Where equity-settled share options are awarded to employees the fair value of the options, estimated using the Black-Scholes option-pricing model, at the date of grant is charged to the statement of comprehensive income or loss over the vesting period. Performance vesting conditions are taken into account by adjusting the number of equity instruments expected to vest at each reporting date so that, ultimately, the cumulative amount recognized over the vesting period is based on the number of options that eventually vest.

Where the terms and conditions of options are modified before they vest, the increase in the fair value of the options, measured immediately before and after the modification, is also charged to the statement of comprehensive income or loss over the remaining vesting period.

Where equity instruments are granted to non-employees, they are recorded at the fair value of the goods or services received in the statement of comprehensive income or loss, unless they are related to the issuance of shares. Amounts related to the issuance of shares are recorded as a reduction of share capital.

When the value of goods or services received in exchange for the share-based payment cannot be reliably estimated, the fair value is measured by use of a valuation model. The expected life used in the model is adjusted, based on management's best estimate, for the effects of non-transferability, exercise restrictions, and behavioral considerations.

All equity-settled share based payments are reflected in equity reserves, until exercised. Upon exercise shares are issued from treasury and the amount reflected in equity reserves is credited to share capital along with any consideration paid.

Where a grant of options is cancelled or settled during the vesting period, excluding forfeitures when vesting conditions are not satisfied, the Company immediately accounts for the cancellation as an acceleration of vesting and recognizes the amount that otherwise would have been recognized for services received over the remainder of the vesting period. Any payment made to the employee on the cancellation is accounted for as the repurchase of an equity interest except to the extent the payment exceeds the fair value of the equity instrument granted, measured at the repurchase date. Any such excess is recognized as an expense.

(m) Income taxes

Income tax expense comprises current and deferred tax. Income tax is recognized in profit or loss except to the extent that it relates to a business combination, or items recognized directly in equity or in other comprehensive income or loss.

3. Significant accounting policies (continued)

(m) Income taxes (continued)

Current tax expense is the expected tax payable on the taxable income for the year, using tax rates enacted or substantively enacted at period end, adjusted for amendments to tax payable with regards to previous years.

Deferred tax is provided using the balance sheet liability method, providing for temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. The amount of deferred tax provided is based on the expected manner of realization or settlement of the carrying amount of assets and liabilities, using tax rates enacted or substantively enacted at the financial position statement date.

A deferred tax asset is recognized only to the extent that it is probable that future taxable profits will be available against which the asset can be utilized. To the extent that the Company does not consider it probable that a future tax asset will be recovered, it provides a valuation allowance against that excess.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority and the Company intends to settle its current tax assets and liabilities on a net basis.

(n) Use of judgments and estimates

The preparation of these financial statements requires management to make estimates and judgments and form assumptions that affect the reported amounts and other disclosures in these financial statements. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgments about carrying values of assets and liabilities that are not readily apparent from other sources. The Company makes estimates and assumptions concerning the future that will, by definition, seldom equal actual results.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimate is revised if the revision affects only that period or in the period of the revision and further periods if the review affects both current and future periods.

Critical accounting estimates are estimates and assumptions made by management that may result in material adjustments to the carrying amount of assets and liabilities within the next fiscal year. Significant areas requiring the use of management estimates relate to the determination of the recoverability of exploration and evaluation assets, the valuation allowance for deferred tax assets and recovery of disputed tax receivables. Management believes the estimates used in these consolidated financial statements are reasonable; however, actual results could differ from those estimates and could impact future results of operations and cash flows.

Critical accounting judgments are accounting policies that have been identified as being complex or involving subjective judgments or assessments. Critical accountings judgments include the estimated future operating results and net cash flows from exploration and evaluation assets.

(o) Standards, amendments and interpretations issued but not yet effective

1. IFRS 9, Financial Instruments (“IFRS 9”)

   IFRS 9 covers the classification and measurement of financial assets and financial liabilities and is applicable for annual periods beginning on or after January 1, 2015, with earlier application permitted. The Company is still assessing the impact of adopting IFRS 9, however no significant impact is expected.

3. Significant accounting policies (continued)

(o) Standards, amendments and interpretations issued but not yet effective (continued)

2. IFRS 7, Financial Instruments: Disclosures ("IFRS 7") – amendments

   In December 2011, the IASB issued new disclosure requirements for financial assets and liabilities that (1) are offset in the statement of financial position; or (2) subject to master netting agreements or similar arrangements. These new disclosure requirements are effective for annual periods beginning on or after January 1, 2013 and are to be applied retrospectively. The Company is still assessing the impact of adopting IFRS 7, however no significant impact is expected.

3. IFRS 10, Consolidated Financial Statements ("IFRS 10")

   IFRS 10 replaces the consolidation requirements in IAS 27, Consolidated and Separate Financial Statements, and Standing Interpretations Committee ("SIC") Interpretation 12, Consolidation - Special Purpose Entities. IFRS 10 introduces a single consolidation model for all entities based on control, irrespective of the nature of the investee and is effective for annual periods on or after January 1, 2013, with earlier adoption permitted. The Company is still assessing the impact of adopting IFRS 10, however no significant impact is expected.

4. IFRS 11, Joint Arrangements ("IFRS 11")

   In May 2011, the IASB issued guidance establishing principles for financial reporting by parties to a joint arrangement. IFRS 11 replaces IAS 31, Interests in Joint Ventures. Under IFRS 11, joint arrangements are classified as joint operations or joint ventures based on the rights and obligations of the parties to the joint arrangements. A joint operation is a joint arrangement whereby the parties that have joint control of the arrangement ("joint operators") have rights to the assets, and obligations for the liabilities, relating to the arrangement. A joint venture is a joint arrangement whereby the parties that have joint control of the arrangement ("joint venturers") have rights to the net assets of the arrangement. IFRS 11 requires that a joint operator recognize its portion of assets, liabilities, revenues and expenses of a joint arrangement, while a joint venturer recognizes its investment in a joint arrangement using the equity method. The Company is still assessing the potential impact of adopting IFRS 11, if any, however no significant impact is expected.

5. IFRS 12, Disclosure of Interests in Other Entities ("IFRS 12")

   IFRS 12 requires the disclosure of information that enables users of financial statements to evaluate the nature of, and risks associated with, its interests in other entities and the effects of those interests on its financial position, financial performance and cash flows. The disclosure requirements are applicable to all forms of interests in other entities, including subsidiaries, joint arrangements, associates and unconsolidated structured entities. IFRS 12 is effective for annual periods beginning on or after January 1, 2013 with earlier adoption permitted. The Company is reviewing the standard to determine the potential impact, if any, on its consolidated financial statements.

6. IFRS 13, Fair Value Measurement ("IFRS 13")

   In May 2011, the IASB issued guidance establishing a single source for fair value measurement. IFRS 13 defines fair value, provides guidance on how to determine fair value and requires disclosures about fair value measurements. However, IFRS 13 does not change the requirements regarding which items should be measured or disclosed at fair value. Rather, the measurement and disclosure requirements of IFRS 13 apply when another standard requires or permits the item to be measured at fair value, with limited exceptions. IFRS 13 is effective for annual periods beginning on or after January 1, 2013 with early application permitted. The Company is currently evaluating the impact of this standard on its consolidated financial statements.

7. IAS 27, Separate Financial Statements ("IAS 27")

   IAS 27 was amended as a consequence of the issuance of IFRS 10, 11 and 12. IAS 27 sets the standards for investments in subsidiaries, jointly controlled entities, and associates when an entity elects, or is required, to present separate non-consolidated financial statements. Amendments to IAS 27 are effective for annual periods beginning on or after January 1, 2013 with early application permitted. The Company is in the process of evaluating the impact of the new standard on its financial statements.

(Expressed in Canadian dollars, unless otherwise stated)

3. Significant accounting policies (continued)

(o) Standards, amendments and interpretations not yet effective (continued)

8. IAS 28, Investments in Associates and Joint Ventures ("IAS 28")

   IAS 28 was amended as a consequence of the issuance of IFRS 10, 11 and 12. IAS 28 provides additional guidance 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. The Company will apply this standard when there is joint control or significant influence over an investee. Amendments to IAS 28 are effective for annual periods beginning on or after January 1, 2013 with early application permitted. The Company is in the process of evaluating the impact of the new standard on its financial statements.

9. IFRIC 19, Extinguishing financial liabilities with equity instruments ("IFRIC 19")

   IFRIC 19 addresses the accounting by the entity that issues equity instruments in order to settle, in full or in part, a financial liability. IFRIC 19 is effective for annual periods beginning on or after January 1, 2013 with early application permitted. The Company is currently evaluating the impact of this standard on its consolidated financial statements.

10. IFRIC 20, Stripping costs in a production phase of a surface mine ("IFRIC 20")

    This Interpretation clarifies that surface mining companies will capitalize production stripping costs that benefit future periods if certain criteria are met. IFRIC 20 is effective for annual periods beginning on or after January 1, 2013 with early application permitted. The Company is currently evaluating the impact of this standard on its consolidated financial statements.

4. Exploration and evaluation assets

Tanacross mineral property

Effective October 6, 2010, as amended on January 7, 2011 and September 30, 2011, the Company entered into an option agreement with Full Metal Minerals USA Inc., a wholly owned subsidiary of Full Metal Minerals Inc. ("Full Metal"), which granted the Company an exclusive right to acquire a 60% undivided beneficial interest in the Tanacross mineral property in Alaska by fulfilling the following requirements:

Date	Incur cumulative exploration expenditures	Issue common shares	Make cash payments
October 1, 2010	-	-	US$25,000 (paid)
February 22, 2011	-	50,000 (issued)	US$25,000 (paid)
January 15, 2012	US$500,000	150,000	US$50,000
October 1, 2012	US$1,000,000	250,000	US$50,000
October 1, 2013	US$2,000,000	250,000	US$50,000
October 1, 2014	US$4,000,000	-	US$50,000

Effective January 15, 2012, the Company elected to terminate its option agreement with Full Metal and forfeit its right to earn a 60% interest in the Tanacross property. During the year ended June 30, 2012, the Company wrote-off all costs associated with the Tanacross property, recorded an impairment loss of $707,668 and reclassified $27,825 in cumulative foreign currency translation adjustments associated with the mineral interest.

(Expressed in Canadian dollars, unless otherwise stated)

4. Exploration and evaluation assets (continued)

Tanacross mineral property (continued)

The Company capitalized the following costs as exploration and evaluation assets by project:

	Tanacross
Balance as at June 30, 2011	**$ 634,633**
Additions:	
Drilling and support costs	1,948
Equipment & field supplies	4,884
Geochemical assaying	12,184
Geological consulting	477
Project supervision	44,728
Salaries & benefits	8,814
Total acquisition and exploration expenditures	707,668
Write-off of acquisition and exploration expenditures	(707,668)
Balance as at June 30, 2013 and 2012	**$ -**

5. Share capital

(a) Authorized

Unlimited common shares without par value

(b) Issued and outstanding

No shares were issued during the years ended June 30, 2013 and 2012.

(c) Escrow shares

As at June 30, 2013, the Company had 1,539,500 common shares (June 30, 2012 – 3,079,000) held in escrow pursuant to the requirements of the Exchange and escrow agreements. Pursuant to the escrow agreements, the remaining escrowed shares will be released in semi-annual increments of 769,750 shares until February 22, 2014.

6. Equity reserves

(a) Share-based payments

The Company has adopted a share purchase option plan pursuant to which it may grant options to purchase common shares to directors, officers, employees and other eligible persons. The options will be exercisable at the market price of the common shares on the date they are granted and for a period of up to five years from the date of grant.

No share purchase options were granted, cancelled or forfeited during the years ended June 30, 2013 and 2012.

No share purchase options were outstanding as at June 30, 2013 and 2012.

(Expressed in Canadian dollars, unless otherwise stated)

6. Equity reserves (continued)

(b) Share purchase warrants

No share purchase warrants were issued, cancelled or expired during the years ended June 30, 2013 and 2012.

No share purchase warrants were outstanding as at June 30, 2013 and 2012.

7. Related party balances and transactions

All transactions with related parties have occurred in the normal course of operations and are measured at their fair value as determined by management. All amounts are unsecured, non-interest bearing and have no specific terms of settlement, unless otherwise noted.

(a) Related parties

	June 30 2013	**June 30 2012**
Universal Mineral Services Ltd. [1]	$ 222,478	$ 105,162
Nicmar Capital Corp. (formerly Tony Ricci, CA) [2]	41,563	42,000
Full Metal Minerals Ltd. [3]	-	73,035

1. Universal Mineral Services Ltd., ("UMS") is a private company with directors and officers in common that, pursuant to an agreement dated March 30, 2012, provides geological, corporate development, administrative and management services to the Company on a cost recovery basis. The Company holds a non-voting equity interest in UMS. The outstanding balance owing at June 30, 2013 was $80,886 (June 30, 2012 – $11,169).

2. Nicmar Capital Corp. is a company controlled by a director and a former officer of the Company. Transactions with this company are also included in the key management compensation disclosure. The outstanding balance owing at June 30, 2013 was $nil (June 30, 2012 – $3,920).

3. Full Metal Minerals Ltd., ("FMM") is a company that until November 30, 2011 had a director in common. FMM was the operator of Tanacross property and the outstanding balance owing at June 30, 2013 and 2012 was $nil.

(b) Compensation of key management personnel

During the period, compensation to key management personnel was as follows:

	June 30, 2013	**June 30, 2012**
Short-term benefits	$ 4,523	$ 3,900
Consulting fees	41,563	42,000
	$ 46,086	$ 45,900

(Expressed in Canadian dollars, unless otherwise stated)

8. Income taxes

(a) Tax losses

The Company has accumulated non-capital losses of approximately $1,008,741 (June 30, 2012 - $575,764) in Canada and $nil (June 30, 2012 - $648,275) in the United States for income tax purposes, which may be carried forward to reduce taxable income of future years. The non-capital losses expire as follows:

	Canada	USA	Total
2029	$ 80,165	$ -	$ 80,165
2030	82,995	-	82,995
2031	213,916	-	213,916
2032	198,286	-	198,286
2033	433,379	-	433,379
	$ 1,008,741	$ -	$ 1,008,741

The Company has also accumulated capital losses $661,070 in Canada which may be carried forward indefinitely and used to reduce capital gains in future years.

(b) Income tax recovery provision

A reconciliation of the income tax provision computed at statutory rates to the reported income tax provision is as follows:

	June 30, 2013	June 30, 2012
Average statutory tax rate	25.25%	25.75%
Loss before income taxes	$ (419,738)	$ (888,419)
Expected income tax recovery	(105,984)	(228,768)
Increase (decrease) in income tax recovery resulting from:		
Effect of differences in tax rate in foreign jurisdictions	62,609	(53,711)
Effect of change in statutory rates	(10,899)	1,486
Write-off of exploration and evaluation assets	-	19,545
Non-deductible portion of capital losses	83,460	-
Foreign exchange and other	(9,325)	5,962
(Decrease) Increase in unrecognized tax assets	(19,861)	255,486
Income tax recovery	$ -	$ -

(c) Significant components of the deferred tax assets and liabilities are as follows:

	June 30, 2012	Net loss	Equity	June 30, 2013
Cumulative eligible capital deduction	$ 191	$ (37)	$ -	$ 154
Non-capital losses carried forward	314,654	(52,381)	-	262,273
Capital losses carried forward	-	85,939	-	85,939
Resource properties	44,519	(44,519)	-	-
Share issuance costs	18,099	-	(8,863)	9,236
Deferred tax assets	377,463	(10,998)	(8,863)	357,602
Deferred tax liabilities	-	-	-	-
Net deferred tax assets	377,463	(10,998)	(8,863)	357,602
Unrecognized deferred tax assets	(377,463)	10,998	8,863	(357,602)
Net deferred tax balance	$ -	$ -	$ -	$ -

(Expressed in Canadian dollars, unless otherwise stated)

8. Income taxes (continued)

(c) Significant components of the deferred tax assets and liabilities are as follows: (continued)

	June 30, 2011	Net loss	Equity	June 30, 2012
Cumulative eligible capital deduction	$ 205	$ (14)	$ -	$ 191
Non-capital losses carried forward	233,079	81,575	-	314,654
Resource properties	-	44,519	-	44,519
Share issuance costs	27,318	-	(9,219)	18,099
Deferred tax assets	$ 260,602	$ 126,080	$ (9,219)	$ 377,463
Deferred tax liabilities - Resource properties	(138,628)	138,628	-	-
Net deferred tax assets	$ 121,974	264,708	$ (9,219)	$ 377,463
Unrecognized deferred tax assets	(121,974)	$ (264,708)	9,219	(377,463)
Net deferred tax balance	$ -	$ -	$ -	$ -

9. Financial instruments

The Company's financial instruments consist of cash and cash equivalents, amounts receivable and trade payables and other. The fair values of these financial instruments approximate their carrying values due to their short-term to maturity.

As at June 30, 2013 and June 30, 2012, the Company did not have financial instruments measured at fair value.

(a) Categories of financial instruments

	Category	June 30, 2013	June 30, 2012
Financial assets			
Cash and cash equivalents	Loans and receivables	$ 1,286,803	$ 1,547,755
Accounts receivable	Loans and receivables	6,469	14,062
		$ 1,293,272	$ 1,561,817
Financial liabilities			
Trade payables and other	Other liabilities	$ 139,663	$ 30,279
		$ 139,663	$ 30,279

(b) Fair value of financial instruments

The Company has classified fair value measurements of its financial instruments using a fair value hierarchy that reflects the significance of inputs used in making the measurements as follows:

Level 1: Valuations based on quoted prices (unadjusted) in active markets for identical assets or liabilities;

Level 2: Valuations based on directly or indirectly observable inputs in active markets for similar assets or liabilities, other than Level 1 prices, such as quoted interest or currency exchange rates; and

Level 3: Valuations based on significant inputs that are not derived from observable market data, such as discounted cash flow methodologies based on internal cash flow forecasts.

9. Financial instruments (continued)

(c) Financial risk management

Unless otherwise noted, it is management's opinion that the Company is not exposed to significant credit, liquidity, or market risks arising from these financial instruments. The risk exposure is summarized as follows:

(d) Credit risk

Credit risk is the risk that a third party fails to discharge its obligations under the terms of the financial contract and causes a financial loss for the Company. The Company's credit risk is attributable to its current assets. The Company limits exposure to credit risk on liquid financial assets through maintaining its cash and cash equivalent balances in Canadian highly rated financial institutions and Canadian guaranteed investments certificates ("GIC"). The Company considers the risk of loss associated with cash and cash equivalents to be low.

The Company also has credit risk exposure in relation to its interest receivable from its investments in Canadian GIC's. Management is confident that its carrying value is recoverable in full and risk is minimal

Liquidity risk is the risk that the Company will encounter difficulty in meeting obligations associated with financial liabilities that are settled by delivering cash or another financial asset. The Company's approach to manage this risk is by having a planning and budgeting process in place to ensure the Company will have sufficient financial assets to settle its financial obligations when due.

As at June 30, 2013, the Company has cash and cash equivalents of $1,286,803 to settle its liabilities of $139,663 that consist of trade payables that are considered short term and settled within 30 days. The Company did not have any other significant commitments as at June 30, 2013 and 2012.

(e) Market risk

Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates.

The Company's cash and cash equivalents mainly earn interest at fixed market rates. The interest rate is typical of Canadian banking rates, which are at present low. The Company maintains a conservative investment strategy of investing in marketable GIC's through Canadian banks that mitigates the risk of deterioration to the Company's investments. The Company considers the changes in future cash flows in connection with fluctuating interest rates not to be material.

Foreign currency risk

The Company is exposed to foreign currency risk by having balances and transactions in currencies that are different from its functional currency or the Canadian dollar. As at June 30, 2013, the Company held financial assets denominated in US dollars in the amount of US$4,252 (June 30, 2012 – US$77,044).

A 10% appreciation or depreciation in the US dollar compared to the Canadian dollar would not have a material impact on the Company's net assets.

(Expressed in Canadian dollars, unless otherwise stated)

9. Financial instruments (continued)

(f) Capital risk management

The Company's objective when managing capital is to safeguard the Company's ability to continue as a going concern so that it can continue to acquire, develop and explore its projects for the benefits of shareholders and other stakeholders. The Company considers the components of shareholders' equity as its capital. The Company manages the capital structure and makes adjustments to it in the event of changes in economic conditions and the risk characteristics of the underlying assets. The Company may issue new shares or debt through private placements in order to maintain or adjust the capital structure.

To effectively manage its capital requirements, the Company has in place a planning and budgeting process to help determine the funds required to ensure the Company has the appropriate liquidity to meet its capital development, operating and growth objectives. The Company has no debt and is not subject to externally imposed capital requirements.

10. Segmented information

The Company operates in one operational segment being acquisition, exploration and development of mineral resource properties in Canada and the United States of America. The Company did not have revenues or non-current assets at June 30, 2013 and June 30, 2012.

Geographic segmentation of loss is as follows:

	June 30, 2013	June 30, 2012
Canada	$ 419,738	$ 180,751
United States of America	-	707,668
	$ 419,738	$ 888,419

11. Supplemental cash flow information

	June 30, 2013	June 30, 2012
Components of cash and cash equivalents		
Cash	$ 186,803	$ 147,755
Term deposits	1,100,000	1,400,000
	$ 1,286,803	$ 1,547,755

12. Subsequent events

- Effective October 15, 2013, the Company changed its name to Auryn Resources Inc. and commenced trading under the ticker symbol “AUG” on the TSX Venture Exchange.

- On September 26, the Company announced that it has reached agreement in principle with a number of accredited investors to privately raise $2.0 million through a non-brokered private placement of 4.0 million common shares of the Company at a price of CAD$0.50 per share (the “Offering”). The shares under the Offering will be subject to a four-month hold period. The offering will not be registered in the United States.

The Company intends to use the net proceeds of the Offering to pursue mineral property acquisition opportunities in Turkey and across Eurasia. The Company is currently in discussions and carrying out due diligence with a number of parties in that area but has yet to sign any definitive agreements.

The Company may pay finder's fees on the Offering in accordance with the policies of the TSX Venture Exchange and applicable securities laws. Closing of the Offering is anticipated to occur on or before November 15, 2013 and is subject to customary closing conditions including, but not limited to the negotiation, execution of definitive placement agreements and receipt of applicable regulatory approvals including approval of the TSX Venture Exchange.