



Formerly GEORGETOWN CAPITAL CORP.  
(An exploration stage company)

**MANAGEMENT'S DISCUSSION AND ANALYSIS  
OF THE COMPANY'S CONSOLIDATED FINANCIAL CONDITION AND RESULTS OF  
OPERATIONS**

**FOR THE YEAR ENDED JUNE 30, 2013 AND 2012**

**Dated: October 28, 2013**

# AURYN RESOURCES INC. (formerly Georgetown Capital Corp.)

(An exploration stage company)

Management's Discussion and Analysis

Years ended June 30, 2013 and 2012

*Expressed in Canadian Dollars*

## 1.1 Date and forward-looking statements

This Management Discussion and Analysis ("MD&A") of Aurn Resources Inc. (formerly Georgetown Capital Corp.) (the "Company" or "Aurn") has been prepared by management to assist the reader to assess material changes in the consolidated financial condition and results of operations of the Company as at June 30, 2013 and for the year then ended. This MD&A should be read in conjunction with the audited consolidated financial statements for the year ended June 30, 2013 and 2012 and the accompanying notes. These annual consolidated financial statements have been prepared in accordance with the International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB") and Interpretations issued by the International Financial Reporting Interpretations Committee ("IFRIC").

The effective date of this MD&A is October 28, 2013.

This MD&A may contain "forward-looking statements" which reflect the Company's current expectations regarding the future results of operations, performance and achievements of the Company, including but not limited to statements with respect to the Company's plans or future financial or operating performance, the estimation of mineral reserves and resources, conclusions of economic assessments of projects, the timing and amount of estimated future production, costs of future production, future capital expenditures, costs and timing of the development of deposits, success of exploration activities, permitting time lines, requirements for additional capital, sources and timing of additional financing, realization of unused tax benefits and future outcome of legal and tax matters.

The Company has tried, wherever possible, to identify these forward-looking statements by, among other things, using words such as "anticipate," "believe," "estimate," "expect", "budget", or variations of such words and phrases or state that certain actions, events or results "may", "could", "would", "might" or "will be taken", "occur" or "be achieved".

The statements reflect the current beliefs of the management of the Company, and are based on currently available information. Accordingly, these statements are subject to known and unknown risks, uncertainties and other factors, which could cause the actual results, performance, or achievements of the Issuer to differ materially from those expressed in, or implied by, these statements. These uncertainties are factors that include but are not limited to risks related to international operations; risks related to general economic conditions and credit availability; uncertainty related to the resolution of legal disputes and lawsuits; actual results of current exploration activities and unanticipated reclamation expenses; fluctuations in prices of gold and other commodities; fluctuations in foreign currency exchange rates; increases in market prices of mining consumables; possible variations in mineral resources, grade or recovery rates; accidents, labour disputes, title disputes, claims and limitations on insurance coverage and other risks of the mining industry; delays in obtaining governmental approvals or financing or in the completion of development or construction activities; changes in national and local government regulation of mining operations, tax rules and regulations, and political and economic developments in countries in which the Company operates; as well as other factors. Additional information relating to the Company and its operations is available on SEDAR at [www.sedar.com](http://www.sedar.com) and on the Company's web-site at [www.aurnresources.com](http://www.aurnresources.com).

The Company's management reviews periodically information reflected in forward-looking statements. The Company has and continues to disclose in its MD&A and other publicly filed documents, changes to material factors or assumptions underlying the forward-looking statements and to the validity of the statements themselves, in the period the changes occur. Historical results of operations and trends that may be inferred from the following discussions and analysis may not necessarily indicate future results from operations.

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## **1.2 Overall performance**

### **1.2.1 Description of business**

Auryn is a junior exploration company focused on the acquisition, exploration and development of mineral resource properties. The Company was incorporated under the British Columbia Business Corporations Act of the Province of British Columbia on June 9, 2008 and is a reporting issuer in British Columbia, Alberta and Ontario. The Company is listed on the TSX Venture Exchange ("the Exchange") as a Tier 2 mining issuer, and its shares trade under the symbol AUR.V.

Until January 23, 2012, the Company was primarily focused on its Tanacross joint exploration project with Full Metal Minerals Ltd. ("Full Metal") located in eastern Alaska. Effective January 23, 2012, management decided to abandon the Tanacross property based on the results from the project's drill assays and terminated its option agreement with Full Metal.

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

#### **Turkish Joint Exploration Program**

The Company is currently in discussions and carrying out due diligence with a number of parties in Turkey with the goal of establishing an exploration and development operation in the region. The Company has yet to sign any definitive agreements and there can be no assurance that its will be able to do so

In addition to its operations in Turkey, the Company continues to focus on identifying other prospective mineral resource properties in Eurasia. As of the date of this MD&A, the Company not does hold an interest in a Tier 2 Property ("Qualifying Property"), as defined by the rules of the Exchange.

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 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.

#### **Private Placement**

On September 26, 2013 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.

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## **1.2 Overall performance (continued)**

### **1.2.1 Description of business (continued)**

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.

#### **Changes in Management**

Effective May 23, 2013, Shawn Wallace, has been appointed President and Chief Executive Officer replacing Tony Ricci who resigned effective the same day. Mr. Wallace was formerly the President and CEO of Asanko Gold Inc. and is currently the Chairman of Asanko Gold Inc. and Cayden Resources Inc.

#### **Appointment of Directors**

Effective October 28, 2013, the Company restructured its board of directors to attain a majority of independents amongst its member. As of this day, Tony Ricci and Dan McCoy agreed to resign from the Company's board and the following members appointed:

Steve Cook, LLB - Mr. Cook is a practicing tax partner at the prestigious tax law firm, Thorsteinssons LLP based in Vancouver, British Columbia. Mr. Cook received his B.Comm. and LL.B. degrees from the University of British Columbia and was called to the British Columbia Bar in 1982 and the Ontario Bar in 1992. Mr. Cook is a specialist in corporate and international tax planning, offshore structures, representation, and civil and criminal tax litigation. Mr. Cook has served on the Board of Directors of Brett Resources Ltd. ("Brett") prior to it being acquired by Osisko Mining Corp. and has also served as Chair of the Special Committee of the Brett Board of Directors during the Osisko/Brett negotiations. Mr. Cook currently serves on the board of directors of Cayden Resources Inc. and Skeena Resources Ltd.

Keith Minty, P. Eng - Keith Minty obtained a B.Sc. in Mining Engineering from Queen's University, Kingston Ontario, Canada in 1978. He has over 25 years of open pit and underground mine operational and project development experience in North America, Central America and in Africa in base and precious metals, Platinum Group Metals and Industrial Minerals. Since 1997, Mr. Minty has held many corporate management and financial positions in companies listed on the Toronto and American stock exchanges. He has raised over \$750 million as IPO's and financings for these companies. From 2008 to 2013, Mr. Minty was the Chief Operating Officer at Thani Dubai Mining Limited ("Thani") where he was responsible for all project exploration and operation activities in Yemen and Egypt as well as new business development activities. Prior to joining Thani, he was the South African country manager for Hunter Dickinson Inc. Mr. Minty currently serves on the board of directors of Asanko Gold Inc.

Gordon J. Fretwell, LLB - Mr. Fretwell holds a Bachelor of Commerce degree and graduated from the University of British Columbia in 1979 with a Bachelor of law degree. Formerly a partner in a large Vancouver law firm, Mr. Fretwell has, since 1991, been a self-employed solicitor in Vancouver practicing primarily in the areas of corporate and securities law. He currently serves on the board or is an officer of several public companies engaged in mineral exploration including Northern Dynasty Minerals Ltd., Asanko Gold Inc., Curis Resources Ltd., Benton Resources Corp. and Coro Mining Corp.

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## 1.3 Selected annual information

	2013	2012	2011
	\$	\$	\$
Comprehensive loss for the year	401,872	897,248	180,542
Basic and diluted loss per share	0.03	0.07	0.02
Total assets	1,302,739	1,595,227	2,660,827
Total long-term liabilities	-	-	-
Cash dividends per share	-	-	-

The Company generated no revenues from operations during these periods.

## 1.4 Results of Operations

*Three months ended June 30, 2013 and 2012*

During the three months ended June 30, 2013, the Company reported a comprehensive loss of \$243,130 and loss per share of \$0.02 compared to a net comprehensive loss of \$46,368 and loss per share of \$0.00 for the same period of the previous year. The loss for the quarter ended June 30, 2013 was higher due to \$135,198 of project investigation costs that were incurred during the quarter. The project investigation costs primarily relate to the joint exploration programs in Turkey and other projects located in Eurasia.

The increase of \$30,880 in administration expenses over the same period of the previous year is attributable to an increase in office and administrative charges resulting from the ramp-up of project investigation activities.

*Year ended June 30, 2013 and 2012*

During the year ended June 30, 2013, the Company reported a comprehensive loss of \$401,872 and loss per share of \$0.03 compared to a net comprehensive loss of \$897,248 and loss per share of \$0.07 for the same period of the previous year. This decrease in the loss of \$495,376 was driven by the write-off of the Tanacross property during the previous year, partially offset by the ramp-up of project investigation costs incurred in fourth quarter of 2013.

Other significant variances are discussed as follows:

- (1) During the year ended June 30, 2013, the Company recorded the reclassification of a cumulative translation adjustment loss of \$19,400 to net loss on dissolution of the Company's wholly owned subsidiary Georgetown Alaska Inc.
- (2) As a result of the Canada Revenue Agency's examination of the Company's HST returns, the Company was deemed not to be active while it was a CPC and after it terminated its option agreement on the Tanacross mineral property and thus not eligible to claim ITCs. As such, the Company recorded a provision of \$18,171 against input tax credits claimed in previous years and withheld its current year claim for \$25,850 in input tax credits. The Company has filed a notice of objection, the outcome of which is unknown.
- (3) During the year ended June 30, 2013, the Company incurred \$151,959 in project investigation costs. These project investigation costs primarily relate to the joint exploration programs in Turkey and other projects located in Eurasia.

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## 1.5 Summary of quarterly results

Quarter ended	Interest and other income	Loss	Comprehensive loss	Loss per share
	\$	\$	\$	\$
June 30, 2013	4,190	(243,130)	(243,130)	(0.02)
March 31, 2013	4,286	(47,826)	(47,826)	(0.00)
December 31, 2012	4,348	(54,504)	(54,504)	(0.00)
September 30, 2012	4,288	(74,278)	(56,412)	(0.01)
June 30, 2012	4,325	(47,584)	(46,368)	(0.00)
March 31, 2012	4,475	(38,859)	(39,932)	(0.00)
December 31, 2011	4,537	(757,080)	(803,683)	(0.06)
September 30, 2011	1,578	(44,896)	(7,265)	(0.00)

Due to a ramp up in project investigation costs comprehensive loss for the quarter ended June 30, 2013 was higher compared to the previous quarters.

Due to the write-off, which totalled \$707,668, of the Tanacross property, comprehensive loss for the quarter ended December 31, 2011 was significantly higher compared to the previous and subsequent quarters.

### 1.6/1.7 Liquidity and capital resources

As at June 30, 2013, the Company had cash resources of \$1,286,803 and working capital of \$1,163,076. Current liabilities as at June 30, 2013 consisted of accounts payable and accrued liabilities of \$139,663, which have been incurred in the process of maintaining the Company's public listing in good standing and conducting extensive project investigation activities.

During the year ended June 30, 2013, the Company spent net cash of \$284,836 in operating activities compared to \$194,489 during the twelve-month period of the previous year. This increase in cash used is the result of the Eurasian project investigation costs incurred during the fourth quarter of the year.

The Company's current working capital is sufficient for the Company to meet its immediate liquidity requirements as well as those for the coming 12 months. Until such time the Company decides to develop a mineral interest or make exploration expenditure commitments, the Company's 12-month budget forecast is approximately \$250,000 on general and administration and \$250,000 on early stage exploration and project investigation.

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## 1.6/1.7 Liquidity and capital resources (continued)

### Share issuances

No shares were issued during the year ended June 30, 2013.

### Other sources of funds

As at June 30, 2013, the Company does not have any outstanding options or warrants.

The Company has \$44,021 of unclaimed HST/GST income tax credits ("ITCs") relating to the years 2011 through 2013. During this period, the Canada Revenue Agency has determined that no commercial activity existed within the Company and that the HST/GST amounts are not eligible for ITCs. Management disagrees with this position and has filed a notice of objection. As at the date of the MD&A, no assurance exists that the Company will be successful in its objection and that any of the amount will be refundable to the Company. Correspondingly, the Company has recorded a provision against the entire amount.

In management's opinion, at the date of this report, the Company had sufficient capital resources to meet its administrative and overhead costs, and to investigate and acquire potential mineral resource properties for the next eighteen months.

The Company may continue to have capital requirements in excess of its currently available resources. In the event the Company's plans change, its assumptions change or prove inaccurate, or its capital resources in addition to projected cash flow, if any, prove to be insufficient to fund operations, the Company may be required to seek additional financing. There can be no assurance that the Company will have sufficient financing to meet its future capital requirements or that additional financing will be available on terms acceptable to the Company in the future.

## 1.8 Off-balance sheet arrangements

The Company does not utilize off-balance sheet arrangements.

## 1.9 Transactions with related parties

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

	<b>June 30 2013</b>	<b>June 30 2012</b>
Universal Mineral Services Ltd. <sup>a</sup>	\$ 222,478	\$ 105,162
Nicmar Capital Corp. (formerly Tony Ricci, CA) <sup>b</sup>	41,563	42,000
Full Metal Minerals Ltd. <sup>c</sup>	-	73,035

(a) 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).

(b) 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).

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## 1.9 Transactions with related parties (continued)

- (c) Full Metal Minerals Ltd., ("FMM") is a company that up 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. Effective November 30, 2011, the director in common resigned as a director of Full Metal.

## Key Management Compensation

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

## 1.10 Subsequent events

There were no other subsequent events apart from those disclosed in this MD&A.

## 1.11 Proposed Transactions

See section 1.2.

## 1.12 Critical Accounting Estimates

This section is not required as the Company is a Venture Issuer, as the term is defined in National Instrument 51-102 *Continuous Disclosure Obligations*.

## 1.13 Changes in accounting policies including initial adoption

None

## 1.14 Financial instruments and other instruments

As at June 30, 2013, the Company's financial instruments consist of cash and cash equivalents, receivables and trade payables and other. Unless otherwise noted, it is management's opinion that the Company is not materially exposed to significant credit, liquidity, or market risks arising from these financial instruments.

As at June 30, 2013, the Company held financial assets denominated in the US dollars in the amount of US\$4,252 (June 30, 2012 – US\$77,044) and financial liabilities of \$nil (June 30, 2012 – \$nil).

## Capital risk management

The Company manages its cash and cash equivalents and common shares as capital. The Company's objectives when managing capital are to safeguard the Company's ability to continue as a going concern in order to pursue the acquisition and exploration of mineral properties and to maintain a flexible capital structure which optimizes the costs of capital at an acceptable risk.

The Company manages the capital structure and makes adjustments to it in light of changes in economic conditions and the risk characteristics of the underlying assets. To maintain or adjust the capital structure, the Company may attempt to issue new shares, issue new debt, acquire or dispose of assets or adjust the amount of cash and cash equivalents. The Company is not subject to externally imposed capital requirements.

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## 1.15 Other requirements

### Capital structure

Authorized shares: Unlimited number of common shares

Issued and outstanding common shares as at October 28, 2013: 13,335,605

Issued and outstanding common shares as at June 30, 2013: 13,335,605

Shares in escrow as at October 28, 2013: 769,750

Shares in escrow as at June 30, 2013: 1,539,500

There are no share purchase options or warrants outstanding at October 28, 2013 and June 30, 2013.

### Disclosure controls and procedures

As defined in National Instrument 52-109 Certification of Disclosure in Issuers' Annual and Interim Filings, disclosure controls and procedures require that controls and other procedures be designed to provide reasonable assurance that material information required to be disclosed is duly gathered and reported to senior management in order to permit timely decisions and timely and accurate public disclosure.

Management of the Company, with the participation of the Chief Executive Officer and the Chief Financial Officer, have evaluated the design of the Company's disclosure controls and procedures ("DC&P") and the design of internal controls over financial reporting ("ICFR") as required by Canadian securities laws, and have concluded that such procedures are adequate to ensure accurate and complete disclosures in public filings.

Management is responsible for the establishment and maintenance of a system of internal control over financial reporting. This system has been designed to provide reasonable assurance that assets are safeguarded and that the financial reporting is accurate and reliable. The consolidated financial statements have been prepared by management in accordance with International Financial Reporting Standards, as issued by the International Accounting Standards Board ("IASB"), and in accordance with accounting policies set out in the notes to the audited consolidated financial statements for the year ended June 30, 2013.

There are inherent limitations in all control systems and no disclosure controls and procedures can provide complete assurance that no future errors or fraud will occur. An economically feasible control system, no matter how well conceived or operated, can provide only reasonable, not absolute, assurance that the objectives of the control system are met.

Note: As a venture issuer, the Company is not required to certify the design and evaluation of the issuer's DC&P and ICFR and has not completed such an evaluation; and there are inherent limitations on the ability of management to design and implement on a cost effective basis DC&P and ICFR for the Company which may result in additional risks to the quality, reliability, transparency and timeliness of interim and annual filings and other reports required under securities legislation.

Additional disclosures pertaining to the Company's management information circulars, material change reports, press releases and other information are available on the SEDAR website at [www.sedar.com](http://www.sedar.com).

On behalf of the Board of Directors,

"Shawn Wallace"

**Shawn Wallace**

President and Chief Executive Officer

October 28, 2013