AURYN RESOURCES

(An exploration stage company)

CONSOLIDATED FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2015 AND 2014

(Expressed in Canadian dollars)

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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., which comprise the consolidated statements of financial position as at June 30, 2015 and 2014 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 consolidated 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, 2015 and 2014, 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 13, 2015

Auryn Resources Inc.
Consolidated Statements of Financial Position

(Expressed in Canadian dollars)

		At June 30 2015		At June 30 2014
Assets				
Current assets:				
Cash and cash equivalents (note 13)	$	4,241,448	$	2,377,144
Investments (note 4)		1,300,000		–
Amounts receivable		217,302		51,772
Joint venture advances (note 5 (d))		682,429		–
Prepaid expenses and deposits		114,070		25,632
		6,555,249		2,454,548
Non-current assets:				
Mineral property interests (note 5)		2,067,163		–
Deferred acquisition costs		174,872		–
Total assets	**$**	**8,797,284**	**$**	**2,454,548**
Liabilities and Equity				
Liabilities				
Current liabilities:				
Accounts payable and accrued liabilities	$	412,721	$	133,871
Total liabilities	$	412,721	$	133,871
Equity				
Share capital (note 6)	$	12,705,363	$	5,503,012
Equity reserves (note 7)		785,023		522,885
Accumulated other comprehensive income		522,000		–
Deficit		(5,627,823)		(3,705,220)
Total Equity		8,384,563		2,320,677
Total liabilities and equity	**$**	**8,797,284**	**$**	**2,454,548**

Subsequent events (note 14)

Approved on behalf of the Board of Directors:

"Ivan Bebek"
Director

"Shawn Wallace"
Director

The accompanying notes form an integral part of these consolidated financial statements.

Auryn Resources Inc.
Consolidated Statements of Loss and Comprehensive Loss

(Expressed in Canadian dollars, except share amounts)

	Year ended June 30 2015	2014
Administration expenses:		
Consulting fees, directors' fees, wages and benefits (note 8)	$ 811,850	$ 429,896
Legal and professional fees	64,061	124,712
Office, rent and administration	310,405	163,925
Regulatory, transfer agent and shareholder information	59,533	26,091
Share-based compensation (note 7)	235,806	433,107
Travel, promotion and investor relations	320,413	156,026
	1,802,068	1,333,757
Other expenses (income):		
Project investigation costs	451,383	768,551
Interest and other income	(27,370)	(21,277)
Recovered input tax credits	(25,850)	–
Gain on investment initial recognition (note 4)	(200,000)	–
Foreign exchange loss (gain)	372	(1,238)
	198,535	746,036
Net loss before income taxes	(2,000,603)	(2,079,793)
Deferred income tax recovery	78,000	-
Net loss for the year	**$ (1,922,603)**	**$ (2,079,793)**
Other comprehensive income, net of tax		
Items that may be reclassified subsequently to profit or loss:		
Unrealized gain on investments	$ 522,000	$ –
Other comprehensive income for the year	**$ 522,000**	**$ –**
Total comprehensive loss for the year	**$ (1,400,603)**	**$ (2,079,793)**
Basic and diluted loss per share	$ (0.08)	$ (0.13)
Weighted average number of shares outstanding	25,101,403	16,579,869

The accompanying notes form an integral part of these consolidated financial statements.

Auryn Resources Inc.
Consolidated Statements of Changes in Equity

(Expressed in Canadian dollars, except share amounts)

	Number of common shares	Share capital	Equity reserves	Accumulated other comprehensive income	Deficit	Total
Balance at June 30, 2013	**13,335,605**	**$ 2,768,786**	**$ 19,717**	**$ –**	**$ (1,625,427)**	**$ 1,163,076**
Total comprehensive loss for the year	–	–	–	–	(2,079,793)	(2,079,793)
Share-based compensation (note 7)	–	–	503,168	–	–	503,168
Issued pursuant to a private placement at $0.50 per share (note 6 (b))	4,393,000	2,164,997	–	–	–	2,164,997
Issued pursuant to a private placement at $0.50 per share (note 6 (b))	1,150,000	569,229	–	–	–	569,229
Balance at June 30, 2014	**18,878,605**	**$ 5,503,012**	**$ 522,885**	**$ -**	**$ (3,705,220)**	**$ 2,320,677**
Total comprehensive loss for the year	–	–	–	522,000	(1,922,603)	(1,400,603)
Share-based compensation (note 7)	–	–	273,950	–	–	273,950
Stock options exercised (note 7)	23,750	12,113	–	–	–	12,113
Fair value of stock options allocated to share capital issued on exercise (note 7)	–	11,812	(11,812)	–	–	–
Issued pursuant to private placements at $0.65 per share (note 6 (b))	11,251,230	7,178,426	–	–	–	7,178,426
Balance at June 30, 2015	**30,153,585**	**$ 12,705,363**	**$ 785,023**	**$ 522,000**	**$ (5,627,823)**	**$ 8,384,563**

The accompanying notes form an integral part of these consolidated financial statements.

Auryn Resources Inc.
Consolidated Statements of Cash Flows

(Expressed in Canadian dollars)

	Year ended June 30 2015	2014
Cash (used in) provided by:		
Operating activities:		
Loss for the year	$ (1,922,603)	$ (2,079,793)
Items not involving cash:		
Interest income classified as investing activity	(27,370)	(21,277)
Gain on investment initial recognition (note 4)	(200,000)	–
Unrealized foreign exchange	11,866	(335)
Share-based compensation (note 7)	265,868	503,168
Deferred income tax	(78,000)	–
Changes in non-cash working capital:		
Amounts receivable	(172,084)	(39,356)
Joint venture advances	(682,429)	–
Deferred and prepaid expenses	(88,438)	(16,165)
Accounts payable and accrued liabilities	153,104	(5,792)
Cash used in operating activities	(2,740,086)	(1,659,550)
Investing activities:		
Interest received	33,924	15,330
Exploration and evaluation expenditures	(1,934,964)	–
Deferred acquisition costs	(174,872)	–
Purchase of marketable securities	(500,000)	–
Cash (used in) provided by investing activities	(2,575,912)	15,330
Financing activities:		
Net proceeds from issuance of common shares (note 6 (b))	7,190,539	2,734,226
Cash provided by financing activities	7,190,539	2,734,226
Effect of foreign exchange rate changes on cash and cash equivalents	(10,237)	335
Increase in cash and cash equivalents	1,864,304	1,090,341
Cash and cash equivalents, beginning of year	2,377,144	1,286,803
Cash and cash equivalents, end of year	**$ 4,241,448**	**$ 2,377,144**

Supplemental cash flow information (note 13)

The accompanying notes form an integral part of these consolidated financial statements.

1. Nature of operations

Auryn Resources Inc. (the "Company" or "Auryn") was incorporated on June 9, 2008, under the British Columbia Business Corporations Act under the name Georgetown Capital Corp. On October 15, 2013, the Company changed its name to Auryn Resources Inc.

The Company's principal business activity is the acquisition, exploration and development of resource properties. The head office and principal address of the Company are located at 1199 West Hastings Street, Suite 600, Vancouver, British Columbia, V6E 3T5.

The Company is in the process of exploring its mineral property interests and has not yet determined whether its mineral property interests contain economically recoverable mineral reserves. The Company's continuing operations and the underlying value and recoverability of the amounts shown for mineral property interests are dependent upon the existence of economically recoverable mineral reserves, the ability of the Company to obtain the necessary financing to complete the exploration and development of its mineral property interests, obtaining the necessary mining permits, and on future profitable production or the proceeds from the disposition of the mineral property interests.

Effective September 25, 2015, the Company, pursuant to a plan of arrangement, acquired 100% of North Country Gold Corp's ("North Country") issued and outstanding common shares. North Country owns the mineral concessions comprising the Committee Bay mineral property in Nunavut, Canada. The Committee Bay Project consists of 66,160 hectares situated along the Committee Bay Greenstone Belt (the "CBGB"), approximately 180 km NE of the Meadowbank mine operated by Agnico Eagle Mines Limited, and extends more than 300 km northeast.

These consolidated financial statements were approved and authorized for issuance by the Board of Directors on October 13, 2015.

2. Basis of presentation

(a) Basis of preparation and consolidation

These consolidated financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS"), as issued by the International Accounting Standards Board ("IASB"), effective for financial years ending June 30, 2015. IFRS include International Accounting Standards ("IAS") and interpretations issued by the IFRS Interpretations Committee ("IFRIC").

These consolidated financial statements have been prepared on a historical cost basis and the functional and presentation currency is the Canadian dollar. All amounts are presented in Canadian dollars unless otherwise noted.

These consolidated financial statements incorporate the financial statements of the Company and entities controlled by the Company (its subsidiaries). Control exists when the Company has power over an investee, exposure or rights to variable returns from its involvement with the investee, and the ability to use its power over the investee to affect the Company's return on its investment. As at June 30, 2015, the Company had one 100% controlled subsidiary, Akkese Madencilik Sanayi Ve Ticaret Ltd. Şt. ("Akkese"), which was incorporated in the Republic of Turkey and is currently inactive.

All material intercompany balances and transactions have been eliminated and, where necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies in line with those used by the Company.

2. Basis of presentation (continued)

(b) Critical judgment in applying accounting policies

The preparation of the consolidated financial statements requires management to select accounting policies and make estimates and judgments that may have a significant impact on the consolidated financial statements. Estimates are continuously evaluated and are based on management's experience and expectations of future events that are believed to be reasonable under the circumstances. However, actual outcomes can differ from these estimates.

Critical judgments exercised in applying accounting policies, apart from those involving estimates, that have the most significant effect on the amounts recognized in the consolidated financial statements are as follows:

i. Functional currency

The functional currency for each of the Company's subsidiaries is the currency of the primary economic environment in which the entity operates. The Company has determined the functional currency of each entity is the Canadian dollar. Determination of functional currency may involve certain judgements to determine the primary economic environment and the Company reconsiders the functional currency of its entities if there is a change in events and conditions, which determined the primary economic environment.

ii. Financial instruments

Financial assets and liabilities are classified upon initial recognition to various categories. The classification determines the method by which the financial instruments are measured on the statement of financial position subsequent to initial recognition and how changes in value are recorded. The classification may require the Company to make certain judgments, taking into account management's intention of the use of the financial instruments.

iii. Economic recoverability and probability of future economic benefits of mineral property interests

Management has determined that exploration and evaluation of mineral properties and related costs incurred, which have been recognized on the consolidated statements of financial position, are economically recoverable. Management uses several criteria in its assessments of economic recoverability and probability of future economic benefit including geological data, history of conversion of mineral deposits to proven and probable reserves, scoping and feasibility studies, accessible facilities, existing permits and life of mine plans.

(c) Key sources of estimation uncertainty

i. Impairment of assets

Impairment testing is done at the cash generating unit level and judgment is involved in assessing whether there is any indication that an asset or cash generating unit may be impaired. This assessment is made based on an analysis of, amongst other factors, changes in the market or business environment, events that have transpired that have impacted the asset or cash generating unit, and information from internal reporting.

ii. Provisions

Provisions recognized in the financial statements involve judgments on the occurrence of future events, which could result in a material outlay for the Company. In determining whether an outlay will be material, the Company considers the expected future cash flows based on facts, historical experience and probabilities associated with such future events. Uncertainties exist with respect to estimates made by management and as a result, the actual expenditure may differ from amounts currently reported.

2. Basis of presentation (continued)

(c) Key sources of estimation uncertainty (continued)

iii. Share-based compensation

The Company determines the fair value of stock options granted using the Black - Scholes option pricing model. This option pricing model requires the development of highly subjective inputs, including the risk-free interest rate, expected price volatility and expected life of the option. Changes in these inputs and the underlying assumption used to develop them can materially affect the fair value estimate.

iv. Income taxes

The provision for income taxes and composition of income tax assets and liabilities require management's judgment. The application of income tax legislation also requires judgment in order to interpret legislation and to apply those findings to the Company's transactions.

v. Deferred tax assets and liabilities

Management judgment and estimates are required in assessing whether deferred tax assets and deferred tax liabilities are recognized in the consolidated statements of financial position. Judgments are made as to whether future taxable profits will be available in order to recognize deferred tax assets. Assumptions about the generation of future taxable profits depend on management's estimates of future cash flows. These depend on estimates of future production and sales volumes, commodity prices, reserves, operating costs, and other capital management transactions. These judgments and assumptions are subject to risk and uncertainty and changes in circumstances may alter expectations, which may impact the amount of deferred tax assets and deferred tax liabilities recognized on the consolidated statements of financial position and the benefit of other tax losses and temporary differences not yet recognized.

(d) Going concern

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. Summary of significant accounting policies

(a) Foreign currency translation

The financial statements of the Company and its subsidiary are prepared in its functional currency determined on basis of the primary economic environment in which such entities operate. The functional and presentation currency of the Company is the Canadian dollar. Amounts in these financial statements denominated in United States dollars are denoted as US$.

3. Summary of significant accounting policies (continued)

(a) Foreign currency translation (continued)

Transactions in currencies other than the functional currency are recorded at the rates of exchange prevailing at the transaction dates. At each reporting 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 consolidated statements of loss and comprehensive loss for the period in which they arise.

(b) 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 maturities over ninety days but redeemable on demand without penalty.

(c) Investments

Investments in shares of companies over which the Company exercises neither control, joint control nor significant influence are designated as available-for-sale and initially recorded at fair value. Fair values are determined by reference to quoted market prices at the reporting date. Unrealized gains and losses on available-for-sale investments are recognized as a component of other comprehensive income ("OCI"). When available-for-sale investments are sold, the cumulative fair value adjustments previously recorded in OCI are reclassified to profit or loss as a gain or loss on investments. When available-for-sale investments are derecognized or determined to be impaired, the cumulative gain or loss previously recognized in OCI is also reclassified to profit or loss.

(d) Mineral property interests

The Company accounts for mineral property interests in accordance with IFRS 6 – Exploration for and evaluation of mineral properties ("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 with 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 consolidated statement of loss and comprehensive loss.

The Company assesses exploration and evaluation assets for impairment when facts and circumstances suggest that the carrying amount of the 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.

3. Summary of significant accounting policies (continued)

(d) Mineral property interests (continued)

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 are applied as a reduction to capitalized exploration costs.

(e) Provisions

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.

(f) Loss per share

Basic loss per share is calculated by dividing the net loss available to common shareholders by the weighted average number of shares outstanding during the reporting period. The diluted loss per share is calculated by dividing the net 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 stock options and 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.

(g) Share-based compensation

From time to time, the Company grants stock 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.

The fair value of stock options, measured using the Black-Scholes option pricing model at the date of grant, is charged to the consolidated statement of loss and comprehensive loss over the vesting period. Performance vesting conditions and forfeitures 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, any increase in the fair value of the options, measured immediately before and after the modification, is also charged to the consolidated statement of loss and comprehensive loss over the remaining vesting period.

Equity instruments granted to non-employees are recorded in the consolidated statement of loss and comprehensive loss at the fair value of the goods or services received, 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 a 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 recorded in equity reserves until exercised. Upon exercise, shares are issued from treasury and the amount previously recorded in equity reserves is reclassified to share capital along with any consideration paid.

3. Summary of significant accounting policies (continued)

(g) Share-based compensation (continued)

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.

(h) Income taxes

Income tax reported in the consolidated statement of loss and comprehensive loss for the period presented comprises current and deferred income tax. Income tax is recognized in the consolidated statement of loss and comprehensive loss except to the extent that it relates to items recognized directly in equity, in which case it is recognized in equity.

Current income tax for each taxable entity in the Company is based on the local taxable income at the local statutory tax rate enacted or substantively enacted at the reporting date, and includes any adjustments to tax payable or recoverable with regards to previous periods.

Deferred income tax is determined using the asset and 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 income tax provided is based on the expected manner of realization or settlement of the carrying amount of assets and liabilities, using the expected future tax rates enacted or substantively enacted at the reporting date.

A deferred income 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. Deferred tax assets are reduced to the extent that it is no longer probable that the related tax benefit will be realized.

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

(i) Financial instruments

The Company recognizes financial assets and liabilities on its consolidated statement of financial position when it becomes a party to the contract creating the asset or liability. All financial instruments are measured at fair value on initial recognition. Subsequent to initial recognition, financial instruments are classified and measured as follows:

Classification	Measurement after initial recognition	Recognition of gains or losses related to fair value changes
Loans and receivables	Amortized cost (using the effective interest method)	On de-recognition, impairment and write-downs
Held-to-maturity	Amortized cost (using the effective interest method)	On de-recognition, impairment and write-downs
Available-for-sale	Fair value	Recognized in other comprehensive income and reclassified to net loss on de-recognition and impairment
Fair value through profit and loss ("FVTPL")	Fair value	Recognized in net loss
Other liabilities	Amortized cost (using the effective interest method)	On de-recognition

3. Summary of significant accounting policies (continued)

(i) Financial instruments (continued)

The Company has classified its financial instruments as follows:

Cash and cash equivalents	Loans and receivables
Investments	Available-for-sale
Amounts receivable	Loans and receivables
Accounts payable and accrued liabilities	Other liabilities

All financial instruments measured at fair value are categorized into one of three hierarchy levels, described below, for disclosure purposes. Each level is based on the transparency of the inputs used to measure the fair values of assets and liabilities:

Level 1 – fair values based on unadjusted quoted prices in active markets that are accessible at the measurement date for identical assets or liabilities;

Level 2 – fair values based on quoted prices in markets that are not active or model inputs that are observable either directly or indirectly for substantially the full term of the asset or liability; and

Level 3 – fair values based on prices or valuation techniques that require inputs that are both unobservable and significant to the overall fair value measurement.

The Company's carrying values of cash and cash equivalents, amounts receivable and accounts payable and accrued liabilities approximate their fair values due to the short term to maturity of these instruments.

(j) Comprehensive loss

Other comprehensive loss is the change in net assets arising from transactions and other events and circumstances from non-owner sources. Comprehensive loss comprises net loss and other comprehensive loss. Financial assets that are classified as available-for-sale will have unrealized gains and losses included in other comprehensive loss until the asset is sold, permanently impaired, or derecognized. Foreign currency translation differences for foreign subsidiaries are also included in other comprehensive loss.

(k) Changes in accounting policies

The Company has evaluated the following new and revised IFRS and has determined there to be no material impact on the consolidated financial statements upon adoption:

i. Amendments to IAS 32, Financial Instruments: Presentation (effective January 1, 2014) clarifies the application of the offsetting rules and requires additional disclosure on financial instruments subject to netting arrangements.

ii. IAS 36, Impairment of Assets (effective January 1, 2014) modifies some of the disclosure requirements regarding the recoverable amount of non-financial assets.

iii. IFRIC 21, Levies (effective January 1, 2014) provides guidance on when to recognize a liability for a levy imposed by a government, other than those levies within the scope of other standards.

iv. IFRS 2, Share-based Payments (effective for annual periods beginning on or after July 1, 2014) clarifies the definition of a vesting condition and separately defines performance and service conditions.

v. IFRS 3, Business Combinations (effective for annual periods beginning on or after July 1, 2014) requires that an obligation to pay contingent consideration that meets the definition of a financial instrument is classified as a financial liability or as equity on the basis of the definitions of IAS 32. Additionally, it clarifies that IFRS 3 does not apply to the formation of any joint arrangement and that the scope exemption only applies in the financial statements of the join arrangement itself.

(Expressed in Canadian dollars, unless otherwise stated)

3. Summary of significant accounting policies (continued)

(k) Changes in accounting policies (continued)

vi. IFRS 8, Operating Segments (effective for annual periods beginning on or after July 1, 2014) requires disclosure of the judgments made by management in aggregating operating segments, and a reconciliation of segment assets to the total assets when segment assets are reported.

vii. IFRS 13, Fair Value Measurement (effective for annual periods beginning on or after July 1, 2014) clarifies that the portfolio exception in IFRS 13, which allows fair value measurement of a group of financial assets and liabilities on a net basis, applies to all contracts within the scope of IAS 39 or IFRS 9.

viii. IAS 19, Employee Benefits (effective for annual periods beginning on or after July 1, 2014) clarifies the requirements that relate to how contributions from employees or third parties that are linked to service should be attributed to periods of service.

ix. IAS 24, Related Party Disclosures (effective for annual periods beginning on or after July 1, 2014) requires a reporting entity to include as a related party an entity that provides key management personnel services to the reporting entity or to the parent of the reporting entity.

The Company has not applied the following revised or new IFRS that have been issued but were not yet effective at the reporting date. These accounting standards are not expected to have a significant effect on the Company's accounting policies or consolidated financial statements:

x. IFRS 7, Financial Instruments Disclosures (effective January 1, 2018) requires new disclosures resulting from the amendments to IFRS 9.

xi. IFRS 9, Financial Instruments (effective January 1, 2018) introduces new requirements for the classification and measurement of financial assets and liabilities.

4. Investments

	2014	Additions (dispositions)	Change in fair value	2015
Marketable securities	$ -	$ 700,000	$ 600,000	$ 1,300,000

Effective March 16, 2015, as a condition of the definitive joint exploration agreement with North Country Gold Corp ("North Country") (see note 5), the Company entered into a share subscription agreement and purchased 10,000,000 common shares of North Country at a price of $0.05 for a total cost of $500,000. The investment was classified as an available-for-sale financial asset and was recorded at fair value. Fair value is determined based on a market approach reflecting the closing price of the asset as at the reporting date. The closing price is a quoted market price obtained from the exchange that is the principal active market for the asset. Available-for-sale financial assets are classified within Level 1 of the fair value hierarchy

On initial recognition, a difference arose between the cost of the investment and its fair value and as a result, the Company recorded a gain on the initial recognition of the investment of $200,000, which was recognized in net loss. Any subsequent changes in the fair value of the investment are recorded, net of tax effects, in other comprehensive income until the investment is sold or otherwise disposed, at which time any unrealized gains and losses recorded to that date will be reclassified to net loss.

(Expressed in Canadian dollars, unless otherwise stated)

5. Mineral property interests

(a) Committee Bay

On March 16, 2015, the Company entered into a Joint Exploration Agreement (the "JEA") with North Country whereby Auryn can earn a 51% interest in the Committee Bay Project in Nunavut, Canada by incurring $6,000,000 in exploration expenditures. This mineral project includes 66,160 hectares situated along the Committee Bay Greenstone Belt (the "CBGB") located within the Western Churchill Province.

Currently, the Committee Bay project is held 100% by North Country with portions of the project being subject to either a 1% or 1.5% Net Smelter Royalty ("NSR"). The 1.5% NSR is payable on only 7,596 hectares and is buyable within two years commencement of commercial production for $2,000,000 for each one-third (0.5%) of the NSR.

(b) The Company capitalized the following costs as mineral interests:

	Committee Bay
Balance as at July 1, 2014	$ -
Acquisition costs	
Additions:	
Acquisition costs	65,336
Exploration and evaluation costs	
Additions:	
Assaying	7,535
Camp cost, equipment and field supplies	370,363
Geological consulting services	148,471
Geophysical analysis	74,904
Permitting, environmental and community costs	61,560
Expediting and mobilization	81,900
Salaries and wages	378,182
Fuel and consumables	358,770
Aircraft and travel	512,061
Share-based compensation (note 7)	8,081
Balance as at June 30, 2015	$ 2,067,163

As at June 30, 2014, the Company had not recorded any mineral property interests.

(c) Committed expenditures

Under the terms of the JEA, the Company committed to incur a minimum of $500,000 in exploration and evaluation expenditures on the Committee Bay project within the first 12 months of the Option. As at June 30, 2015, the Company had fulfilled this obligation.

(d) Joint venture advances

During the year ended June 30, 2015, the Company made joint venture advances to North Country for a total amount of $682,429 (June 30, 2014 - $nil) in connection with future exploration expenses. Under the JEA, the Company is required to advance funds for exploration expenses up to 45 days before costs are incurred on the Committee Bay project. These advances were applied to exploration expenditures incurred subsequent to year end.

(Expressed in Canadian dollars, unless otherwise stated)

6. Share capital

(a) Authorized

Unlimited common shares without par value

(b) Issued and outstanding

As at June 30, 2015, 30,153,585 common shares were issued and outstanding (June 30, 2014: 18,878,605). The following significant share issues occurred during the years then ended:

On December 11, 2014, the Company completed a non-brokered private placement for gross proceeds of $7,313,300 by issuing 11,251,230 common shares of the Company at a price of $0.65 per common share. Related to this share issuance, the Company incurred costs in the amount of $134,874, which included cash commission of $96,425 and other legal and regulatory costs of $38,449.

On February 17, 2014, the Company completed a non-brokered private placement for gross proceeds of $575,000 by issuing 1,150,000 common shares of the Company at a price of $0.50 per common share. Related to this share issuance, the Company incurred costs in the amount of $5,771 and no commissions were paid.

On November 8, 2013, the Company completed a non-brokered private placement for gross proceeds of $2,196,500 by issuing 4,393,000 common shares of the Company at a price of $0.50 per common share. Related to this share issuance, the Company incurred costs in the amount of $31,503, which included cash commission of $16,800 and other legal and regulatory costs of $14,703.

7. Equity reserves

The Company maintains a Rolling Stock Option Plan providing for the issuance of stock options up to 10% of the Company's issued and outstanding common shares at the time of the grant. The Company may grant stock options from time to time to its directors, officers, employees and other service providers. The stock options vest 25% on the date of the grant and 12½% every three months thereafter for a total vesting period of 18 months.

The continuity of the number of stock options issued and outstanding is as follows:

	Number of stock options	Weighted average exercise price
Outstanding, June 30, 2013	-	$ -
Granted	1,580,000	0.51
Outstanding, June 30, 2014	1,580,000	$ 0.51
Exercised	(23,750)	0.51
Forfeited	(5,000)	0.51
Outstanding, June 30, 2015	1,551,250	$ 0.51

The weighted average share price on the date of exercise for options exercised during the year ended June 30, 2015 was $1.16.

As at June 30, 2015, the number of stock options outstanding and exercisable was:

	Outstanding			Exercisable		
Expiry date	Number of options	Exercise price	Remaining contractual life (years)	Number of options	Exercise price	Remaining contractual life (years)
Feb 17, 2019	1,551,250	$ 0.51	3.64	1,353,750	$ 0.51	3.64

(Expressed in Canadian dollars, unless otherwise stated)

7. Equity reserves (continued)

During the year ended June 30, 2015, the Company recorded total share-based compensation expense of $273,950 (June 30 2014 – $503,168), of which $235,806 (year ended June 30, 2014 – $433,107) was recorded under administration expenses, $30,062 (year ended June 30, 2013 – $70,061) was recorded in project investigation costs, and $8,082 (year ended June 30, 2014 – $nil) was capitalized to mineral property interests.

During the year ended June 30, 2015, the fair value of stock options granted was $nil (June 30, 2014 - $785,753) and had a weighted average fair value of $nil (year ended June 30, 2014 – $0.50) per option. The fair value of stock options granted was calculated on the grant date using the Black-Scholes Option Pricing Model using the following weighted average inputs:

	2015	2014
Share price	-	$0.56
Exercise price	-	$0.51
Risk-free interest rate	-	1.64%
Expected dividend yield	-	nil
Expected share price volatility	-	138.19%
Expected life in years	-	5 years

The expected volatility assumption is based on the historical volatility of the Company's common share price on the TSX Venture Exchange. The risk-free interest rate assumption is based on the Government of Canada benchmark bond yields with a remaining term equal to the expected life of the stock options. The effect of early exercise has been incorporated into the estimated of the expected option life.

8. Related party balances and transactions

All transactions with related parties have occurred in the normal course of operations and are measured at the exchange amount agreed to by the parties. All amounts are unsecured, non-interest bearing and have no specific terms of settlement, unless otherwise noted.

(a) Related parties

	2015	2014
Universal Mineral Services Ltd. [i]	$ 1,000,225	$ 652,367

i. Universal Mineral Services Ltd. ("UMS") is a private company with directors and officers in common with the Company 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, 2015 was $145,633 (June 30, 2014 – $99,366).

(Expressed in Canadian dollars, unless otherwise stated)

8. Related party balances and transactions (continued)

(b) Compensation of key management personnel

Compensation of key management personnel was as follows:

	2015	2014
Short-term benefits	$ 443,542	$ 370,517
Share-based compensation	76,290	315,276
	$ 519,832	$ 685,793

9. Income taxes

(a) Tax losses

The Company has accumulated non-capital losses of approximately $3,472,696 (June 30, 2014 – $2,596,700) in Canada, which may be carried forward to reduce taxable income of future years. The non-capital losses will, if unused, expire in:

Year of expiry	Total
2029	$ 80,165
2030	82,995
2031	213,916
2032	198,286
2033	433,379
2034	1,011,295
2035	1,452,660
	$ 3,472,696

The Company has also accumulated capital losses $661,070 (June 30, 2014 – $661,070) in Canada which may be carried forward indefinitely and used to reduce capital gains in future years.

(b) Income tax recovery provision

The reconciliation of the income tax provision computed at statutory rates to the reported income tax provision is:

	2015	2014
Loss before income taxes	$ (1,922,603)	$ (2,079,793)
Canadian federal and provincial income tax rates	26.00%	26.00%
Expected income tax recovery	(499,877)	(540,746)
Increase (decrease) in income tax recovery resulting from:		
Share-based compensation	69,126	130,824
Share issuance costs	(35,067)	(11,974)
Unrealized gains on marketable securities	(26,000)	-
Non-deductible expenditures	108,550	-
Adjustment to tax estimates	192,905	-
Other	9,673	6,296
Increase in unrecognized tax assets	102,690	415,600
Income tax recovery	$ 78,000	$ -

(Expressed in Canadian dollars, unless otherwise stated)

9. Income taxes (continued)

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

	2014	Net loss	Equity	OCI	2015
Deferred income tax assets:					
Cumulative eligible capital deduction	$ 143	$ 29	$ -	$ -	$ 172
Non-capital losses carried forward	675,146	227,755	-	-	902,901
Capital losses carried forward	85,939	-	-	-	85,939
Share issuance costs	11,974	-	21,894	-	33,868
Mineral property interests	-	244,674	-	-	244,674
	773,202	472,458	21,894	-	1,267,554
Deferred tax liabilities:					
Investments	-	(26,000)	-	(78,000)	(104,000)
	773,202	446,458	21,894	(78,000)	1,163,554
Offset of deferred tax (liabilities) assets		(78,000)	-	78,000	-
Unrecognized deferred tax assets	(773,202)	(368,458)	(21,894)	-	(1,163,554)
Net deferred tax balance	$ -	$ -	$ -	$ -	$ -

	2013	Net loss	Equity	2014
Deferred income tax assets:				
Cumulative eligible capital deduction	$ 154	$ (11)	$ -	$ 143
Non-capital losses carried forward	262,273	412,873	-	675,146
Capital losses carried forward	85,939	-	-	85,939
Share issuance costs	9,236	-	2,738	11,974
	357,602	412,862	2,738	773,202
Deferred tax liabilities:	-	-	-	-
	-	-	-	-
Unrecognized deferred tax assets	(357,602)	(412,862)	(2,738)	(773,202)
Net deferred tax balance	$ -	$ -	$ -	$ -

10. Management of 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 acquisition, exploration and development of resource properties, and to maintain a flexible capital structure which optimizes the costs of capital at an acceptable risk.

The Company considers its capital for this purpose to be its shareholders' equity.

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 issue new shares or debt, acquire or dispose of assets or adjust the amount of cash and investments.

In order to maximize ongoing development efforts, the Company does not pay out dividends, does not have any long-term debt and is not subject to any externally imposed capital requirements.

The Company currently has sufficient working capital and is able to meet its ongoing current obligations as they become due. However, the Company will likely require additional capital in the future to meet its project related expenditures. Future liquidity will depend upon the Company's ability to arrange additional debt or equity financing, as the Company relies on equity financings to fund its exploration and corporate activities.

11. Financial instruments

The Company's financial instruments consist of cash and cash equivalents, investments, amounts receivable and accounts payable and accrued liabilities. The Company's financial instruments are exposed to credit risk, liquidity risk, and market risks, which include currency risk, interest rate risk and other price risk.

11. Financial instruments (continued)

(a) 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 limits exposure to credit risk on liquid financial assets through maintaining its cash and cash equivalent balances in highly rated Canadian financial institutions and in 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 from interest receivable from its investments in Canadian GIC's and goods and service tax ("GST") receivable from the Government of Canada. Management believes that their carrying values are recoverable in full and this risk is minimal.

(b) Liquidity risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due. The Company manages liquidity risk through the management of its capital structure (Note 10).

Trade and other payables are due within twelve months of the statement of financial position date.

(c) Currency risk

The Company is exposed to currency risk by having balances and transactions in currencies that are different from its functional currency (the Canadian dollar). As at June 30, 2015, the Company held net financial liabilities denominated in Australian and US dollars in the amount of AUD$10,800 and US$29,205 respectively (June 30, 2014 – AUD$nil and US$102,635).

A 10% increase or decrease in the Australian and US dollar exchange rate would result in a corresponding increase or decrease in the Company's net loss of approximately $4,700 (June 30, 2014 – $10,300).

(d) Interest rate risk

Interest rate risk is the risk arising from the effect of changes in prevailing interest rates on the Company's financial instruments. The Company's exposure to interest rate risks is limited to potential increases or decreases on the interest rate offered on cash and cash equivalents held at chartered Canadian financial institutions, which would result in higher or lower relative interest income. This risk is considered to be minimal.

(e) Other price risk

Other price risk is the risk arising from the effect of changes in market conditions on the Company's investments. The Company is exposed to other price risk through its available-for-sale investment in North Country which is listed on the Toronto Stock Exchange Venture Exchange (the "TSX Venture Exchange"). Changes in the TSX Venture Exchange index are expected to proportionately affect the fair value of the Company's investment.

12. Segmented information

The Company operates in one operational segment, the acquisition, exploration and development of mineral resource properties. During the years ended June 30, 2015 and 2014, the Company did not have revenues and the net loss and comprehensive loss was incurred in Canada.

All of the non-current assets as at June 30, 2015 are located in Canada. The company did not have non-current assets as at June 30, 2014.

(Expressed in Canadian dollars, unless otherwise stated)

13. Supplemental cash flow information

Supplemental information regarding non-cash transactions is as follows:

	2015	2014
Accounts payable and accrued liabilities included in mineral property interests, change	$ 124,117	$ -
Share-based compensation included in mineral property interests	8,081	-

Supplemental information for cash and cash equivalents is as follows:

	2015	2014
Components of cash and cash equivalents:		
Cash	$ 2,801,448	$ 197,144
Term deposits	1,440,000	2,180,000
	$ 4,241,448	$ 2,377,144

14. Subsequent events

(a) Effective September 25, 2015, the Company, pursuant to a plan of arrangement, acquired 100% of North Country's issued and outstanding common shares (the "Arrangement") for a total consideration of approximately $20.4 million, or $0.148 per share. Under the Arrangement, North Country shareholders received one Auryn common share for each ten North Country common shares held at the time of completion of the Arrangement.

In connection with the Arrangement, the Company issued 890,000 replacement stock options to employees and consultants of North Country.

(b) On August 17, 2015, the Company granted 1,280,000 stock options to directors, officers and employees of the Company with an exercise price of $1.30 per share exercisable for a period of five years from the date of grant.

(c) On September 16, 2015, the Company announced it had closed a non-brokered private placement for gross proceeds of $5,802,000 by issuing 4,835,000 units of the Company at a price of $1.20 per unit (the "Offering").

Each unit consists of one common share and one common share purchase warrant. Each purchase warrant is exercisable into a common share of the Company at a price of $1.70 per share for a period of 24 months (the "Warrant"). In the event that the Company's common shares trade at a closing price on the TSX Venture Exchange of equal or greater than $2.40 per share for a period of 20 consecutive trading days at any time after four months after the closing date, the Company may accelerate the expiry date of the Warrants by giving notice to the holders thereof and in such case the Warrants will expire on the 30th day after the date on which such notice is given by the Company. Total broker commissions paid under the Offering were $123,840.