

The logo for AURYNN RESOURCES features the word "AURYNN" in a large, bold, black serif font. A gold-colored, curved graphic element, resembling a stylized 'A' or a swoosh, is positioned behind the first 'A' and extends across the top of the 'U' and 'R'. Below "AURYNN", the word "RESOURCES" is written in a smaller, black, serif font.

AURYNN RESOURCES

(Formerly "Georgetown Capital Corp.")

(An exploration stage company)

CONSOLIDATED FINANCIAL STATEMENTS

Years ended June 30, 2014 and 2013

(Expressed in Canadian dollars unless otherwise stated)

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, 2014 and 2013 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

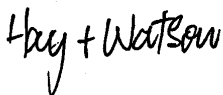
Our responsibility is to express an opinion on these consolidated financial statements based on our audits. We conducted our audits in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements, and plan and perform the audits to obtain 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, 2014 and 2013, and its financial performance and its cash flows for the years then ended in accordance with International Financial Reporting Standards.



Chartered Accountants
Vancouver, British Columbia
October 2, 2014

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

(Expressed in Canadian dollars, unless otherwise stated)

	At June 30,		At June 30,
	2014		2013
Assets			
Current assets:			
Cash and cash equivalents (note 11)	\$ 2,377,144	\$	1,286,803
Amounts receivable	51,772		6,469
Prepaid expenses and deposits	25,632		9,467
Total assets	\$ 2,454,548	\$	1,302,739
Liabilities and Equity			
Liabilities			
Current liabilities:			
Accounts payable and accrued liabilities	\$ 133,871	\$	139,663
Equity			
Share capital (note 4)	5,503,012		2,768,786
Equity reserves (note 5)	522,885		19,717
Deficit	(3,705,220)		(1,625,427)
	2,320,677		1,163,076
Total liabilities and equity	\$ 2,454,548	\$	1,302,739

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.
(Formerly "Georgetown Capital Corp.")
Consolidated Statements of Loss and Comprehensive Loss

(Expressed in Canadian dollars, unless otherwise stated)

	Year ended June 30,	
	2014	2013
Administration expenses:		
Consulting fees, directors' fees, wages and benefits (note 6)	\$ 429,896	\$ 97,141
Legal and professional fees	124,712	20,009
Office, rent and administration	163,925	48,826
Regulatory, transfer agent and shareholder information	26,091	19,690
Share-based compensation (note 5)	433,107	–
Travel, promotion and investor relations	156,026	36,356
	<u>1,333,757</u>	<u>222,022</u>
Other expenses (income):		
Project investigation costs	768,551	151,959
Interest and other income	(21,277)	(17,112)
Provision for uncollectable ITCs	–	44,021
Reclassification of cumulative translation adjustment	–	19,400
Foreign exchange gain	(1,238)	(552)
	<u>746,036</u>	<u>197,716</u>
Loss for the period	(2,079,793)	(419,738)
Foreign currency translation adjustment	–	(1,534)
Reclassification of cumulative translation adjustment	–	19,400
Comprehensive loss for the period	\$ (2,079,793)	\$ (401,872)
Basic and diluted loss per share	\$ (0.13)	\$ (0.03)
Weighted average number of shares outstanding	16,579,869	13,335,605

The accompanying notes form an integral part of 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 (note 4)	Equity reserves (note 5)	Deficit	Accumulated other comprehensive income	Total
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 year	–	–	–	(419,738)	–	(419,738)
Reclassification of cumulative translation adjustment on write-off of exploration and evaluation assets	–	–	–	–	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
Net loss for the year	–	–	–	(2,079,793)	–	(2,079,793)
Share-based compensation	–	–	503,168	–	–	503,168
Issued pursuant to private placements at \$0.50 per share	5,543,000	2,734,226	–	–	–	2,734,226
Balance at June 30, 2014	18,878,605	\$ 5,503,012	\$ 522,885	\$ (3,705,220)	–	\$ 2,320,677

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

Auryn Resources Inc.
(Formerly "Georgetown Capital Corp.")
Consolidated Statements of Cash Flows

(Expressed in Canadian dollars, unless otherwise stated)

	Year ended June 30,	
	2014	2013
Cash (used in) provided by:		
Operating activities:		
Loss for the year	\$ (2,079,793)	\$ (419,738)
Items not involving cash:		
Interest income classified as investing activity	(21,277)	(17,112)
Reclassification of cumulative translation adjustment	–	19,400
Unrealized foreign exchange	(335)	(713)
Provision for uncollectible ITCs	–	18,171
Share-base compensation (note 5)	503,168	–
Changes in non-cash working capital:		
Amounts receivable	(39,356)	5,460
Prepaid expenses and deposits	(16,165)	312
Accounts payable and accrued liabilities	(5,792)	109,384
Cash used in operating activities	(1,659,550)	(284,836)
Investing activities:		
Interest received	15,330	24,705
Cash provided by investing activities	15,330	24,705
Financing activities:		
Net proceeds from issuance of common shares	2,734,226	–
Cash provided by financing activities	2,734,226	–
Effect of foreign exchange rate changes on cash and cash equivalents	335	(821)
Increase (decrease) in cash and cash equivalents	1,090,341	(260,952)
Cash and cash equivalents, beginning of the year	1,286,803	1,547,755
Cash and cash equivalents, end of the year	\$ 2,377,144	\$ 1,286,803

Supplemental cash flow information (note 11)

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

Auryn Resources Inc.

(Formerly "Georgetown Capital Corp.")

Notes to the Consolidated Financial Statements

(Expressed in Canadian dollars, unless otherwise stated)

For the years ended June 30, 2014 and 2013

1. Corporate information

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 activities include 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 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.

2. Basis of presentation

(a) Statement of compliance

These consolidated financial statements have been prepared in accordance with International Financial Accounting Standard ("IFRS"), as issued by the International Accounting Standards Board ("IASB") and interpretations issued by the International Financial Reporting Interpretations Committee ("IFRIC").

These consolidated financial statements were authorized for issue and approved by the Board of Directors of the Company on October 2, 2014.

(b) Basis of preparation and consolidation

These consolidated financial statements have been prepared on a historical cost basis and the functional and presentation currency is the Canadian dollar. Therefore, 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. The Company's wholly-owned subsidiary is Akkese Madencilik Sanayi Ve Ticaret Ltd. Şt. ("Akkese"), which was incorporated in the Republic of Turkey and is currently inactive.

Georgetown Alaska Inc. ("GTA") was a subsidiary of the Company until August 10, 2012, when it was voluntarily dissolved. GTA's functional currency was the US dollar and on dissolution of GTA, the cumulative translation adjustment was reclassified to the statement of loss and comprehensive loss.

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.

Auryn Resources Inc.

(Formerly "Georgetown Capital Corp.")

Notes to the Consolidated Financial Statements

(Expressed in Canadian dollars, unless otherwise stated)

For the years ended June 30, 2014 and 2013

2. Basis of presentation (continued)

(c) Critical judgement in applying accounting policies

The following are critical judgments management has made in applying the Company's accounting policies, apart from those involving estimations, which have a significant effect on the amounts recorded in the consolidated financial statements and a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year:

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.

(d) Key sources of estimation uncertainty

i. Fair value of share purchase ("stock") options

The Company determines the fair value of stock options granted using the Black - Scholes option pricing model. This option pricing model requires the input of highly subjective assumptions, including the risk-free interest rate, expected price volatility and expected life of the option. Changes in these assumptions can materially affect the fair value estimate and, therefore, the existing models may not necessarily provide a reliable measure of the fair value of the Company's stock options.

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.

iii. Taxation

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 judgments in order to interpret legislation and to apply those findings to the Company's transactions.

Management judgment and estimates are required in assessing whether deferred tax assets and certain deferred tax liabilities are recognized in the consolidated balance sheet. Judgments are made as to whether future taxable profits will be available in order to recognize certain 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, therefore there is a possibility that changes in circumstances will alter expectations, which may impact the amount of deferred tax assets and deferred tax liabilities recognized on the consolidated balance sheet and the benefit of other tax losses and temporary differences not yet recognized.

Auryn Resources Inc.

(Formerly "Georgetown Capital Corp.")

Notes to the Consolidated Financial Statements

(Expressed in Canadian dollars, unless otherwise stated)

For the years ended June 30, 2014 and 2013

2. Basis of presentation (continued)

(e) 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. Significant accounting policies

(a) Foreign currency translation

The financial statements of the Company and each of its subsidiaries 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\$.

Transactions in currencies other than the functional currency are recorded at the rates of exchange prevailing at the transaction dates. At each balance sheet 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 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 maturity over ninety days but redeemable on demand without penalty.

(c) 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.

Auryn Resources Inc.

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Notes to the Consolidated Financial Statements

(Expressed in Canadian dollars, unless otherwise stated)

For the years ended June 30, 2014 and 2013

3. Significant accounting policies (continued)

(d) Earnings 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 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.

(e) 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.

Where equity-settled stock 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 (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 (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 (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 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 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.

(f) Income taxes

Income tax reported in the consolidated statement of comprehensive income (loss) for the period presented comprises current and deferred income tax. Income tax is recognized in the consolidated statement of comprehensive income (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.

Auryn Resources Inc.

(Formerly "Georgetown Capital Corp.")

Notes to the Consolidated Financial Statements

(Expressed in Canadian dollars, unless otherwise stated)

For the years ended June 30, 2014 and 2013

3. Significant accounting policies (continued)

(f) Income taxes (continued)

Deferred income tax is determined using the 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.

(g) Financial instruments

The Company recognizes financial assets and liabilities on its consolidated financial statements when it becomes a party to the contract creating the asset or liability. All financial instruments are measured at fair value on initial recognition and subsequent measurement depends on its classification.

The following table shows the classification of financial instruments along with the prescribed accounting treatment:

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 recycled to net income on de-recognition and impairment
Fair value through profit and loss ("FVTPL")	Fair value	Recognized in net income
Other liabilities	Amortized cost (using the effective interest method)	On de-recognition

The Company has classified its financial instruments as follows:

Cash and cash equivalents	Loans and receivables
Amounts receivable	Loans and receivables
Accounts payable and accrued liabilities	Other liabilities

Auryn Resources Inc.

(Formerly "Georgetown Capital Corp.")

Notes to the Consolidated Financial Statements

(Expressed in Canadian dollars, unless otherwise stated)

For the years ended June 30, 2014 and 2013

3. Significant accounting policies (continued)

(g) Financial instruments (continued)

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 such instruments.

(h) Comprehensive income or loss

Other comprehensive income or loss is the change in net assets arising from transactions and other events and circumstances from non-owner sources. Comprehensive income comprises net income or loss and other comprehensive income or loss. Financial assets that are classified as available-for-sale will have revaluation gains and losses included in other comprehensive income or loss until the asset is removed from the consolidated statement of financial position. Foreign currency translation differences for foreign subsidiary are included in other comprehensive income or loss.

(i) Changes in accounting policies

New and revised accounting standards adopted by the Company

- i. IFRS 10 – Consolidated Financial Statements. 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 was adopted commencing January 1, 2013. The adoption of IFRS 10 did not have an impact on these consolidated financial statements.
- ii. IFRS 11 – Joint Arrangements. 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 adoption of this standard, commencing January 1, 2013, did not have an impact on these consolidated financial statements.
- iii. IFRS 12 – Disclosures of Interests in Other Entities. 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. The adoption of this standard, commencing January 1, 2013, did not result in additional disclosures to what the Company has already been providing in regards to its interests in associates.

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(Formerly "Georgetown Capital Corp.")

Notes to the Consolidated Financial Statements

(Expressed in Canadian dollars, unless otherwise stated)

For the years ended June 30, 2014 and 2013

3. Significant accounting policies (continued)

(i) Changes in accounting policies (continued)

New and revised accounting standards adopted by the Company (continued)

- iv. IFRS 13 – Fair Value Measurement. 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. The adoption of IFRS 13, commencing January 1, 2013, did not have an impact on these consolidated financial statements.
- v. IAS 27 – Separate Financial Statements. 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. The adoption of this new standard, commencing January 1, 2013, did not have an impact on these consolidated financial statements.
- vi. IAS 28 – Investments in Associates and Joint Ventures. 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 adoption of this new standard, commencing January 1, 2013, did not have an impact on these consolidated financial statements.
- vii. IFRIC 19 – Extinguishing financial liabilities with equity instruments. It addresses the accounting by the entity that issues equity instruments in order to settle, in full or in part, a financial liability. The adoption of IFRIC 19, commencing January 1, 2013, did not have an impact on these consolidated financial statements.
- viii. IFRIC 20 – Stripping costs in a production phase of a surface mine. This Interpretation clarifies that surface mining companies will capitalize production stripping costs that benefit future periods if certain criteria are met. The adoption of IFRIC 20, commencing January 1, 2013, did not have an impact on these consolidated financial statements.

Changes to accounting standards not yet effective

- ix. IFRS 9 – Financial Instruments: Classification and Measurement. IFRS 9 introduces new requirements for the classification and measurement of financial instruments and is effective for annual periods beginning on or after January 1, 2018, with early adoption permitted. The Company is currently evaluating the impact on its consolidated financial statements.
- x. IAS 32 – Financial instruments, Presentation. IAS 32 was amended to clarify the requirements for offsetting financial assets and liabilities. The amendments clarify that the right of offset must be available on the current date and cannot be contingent on a future date. The amendments apply to annual periods beginning on or after January 1, 2014. The change in accounting standard will not have a significant impact on the Company's consolidated financial statements.
- xi. IAS 36 – Impairment of Assets. IFRS 36 was amended by *recoverable amount disclosures for non-financial assets*. The amendments apply retrospectively for annual periods beginning on or after 1 January 2014. The change in accounting standard will not have a significant impact on the Company's consolidated financial statements.

Auryn Resources Inc.

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Notes to the Consolidated Financial Statements

(Expressed in Canadian dollars, unless otherwise stated)

For the years ended June 30, 2014 and 2013

3. Significant accounting policies (continued)

(i) Changes in accounting policies (continued)

New and revised accounting standards adopted by the Company (continued)

- xii. IFRIC 21 – Levies. IFRIC 21 clarifies and provides guidance on when to recognize the obligating event that gives rise to a liability to pay a levy is the activity described in the relevant legislation that triggers the payment of the levy. IFRIC 21 is effective for annual periods commencing on or after January 1, 2014. The change in accounting standard will not have a significant impact on the Company's consolidated financial statements.

4. Share capital

(a) Authorized

Unlimited common shares without par value

(b) Issued and outstanding

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.

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 share (the "Offering"). Related to this share issuance, the Company incurred costs in the amount of \$5,771. No commissions were paid.

(c) Escrow shares

Pursuant to existing escrow agreements, the 769,750 shares remaining in escrow were released on February 22, 2014 (year ended June 30, 2013 – 1,539,500).

5. Equity reserves

Share-based payments

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 as to 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, 2012	-	\$ -
Granted	-	-
Outstanding, June 30, 2013	-	\$ -
Granted	1,580,000	0.51
Outstanding, June 30, 2014	1,580,000	\$ 0.51

Auryn Resources Inc.

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Notes to the Consolidated Financial Statements

(Expressed in Canadian dollars, unless otherwise stated)

For the years ended June 30, 2014 and 2013

5. Equity reserves (continued)

As at June 30, 2014, the number of stock options outstanding and exercisable was:

Expiry date	Outstanding			Exercisable		
	Number of options	Exercise price	Remaining contractual life (years)	Number of options	Exercise price	Remaining contractual life (years)
Feb 17, 2019	1,580,000	\$ 0.51	4.64	592,500	\$ 0.51	4.64

The Company uses the fair value method of accounting for all share-based payments to directors, officers, employees and others providing similar services. During the year ended June 30, 2014, an amount of \$433,107 (year ended June 30, 2013 – \$nil) was expensed as stock based compensation and \$70,061 (year ended June 30, 2013 – \$nil) was included in as project investigation costs, both in the consolidated statements of comprehensive loss.

The weighted average fair value of stock options granted of \$0.50 per option during the year ended June 30, 2014 (2013 – \$nil) was calculated as of the date of grant using the Black-Scholes option pricing model with the following weighted average assumptions and inputs:

	2014	2013
Risk-free interest rate	1.64%	- %
Expected dividend yield	nil	nil
Expected share price volatility	138.19%	- %
Expected life in years	5 years	-
Forfeiture rate	- %	- %

The expected volatility assumption is based on the historical and implied 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.

6. 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

	2014	2013
Universal Mineral Services Ltd. ¹	652,367	222,478
Nicmar Capital Corp. (formerly Tony Ricci, CA) ²	-	41,453

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, 2014 was \$99,366 (June 30, 2013 – \$80,886).

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(Formerly "Georgetown Capital Corp.")

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(Expressed in Canadian dollars, unless otherwise stated)

For the years ended June 30, 2014 and 2013

6. Related party balances and transactions (continued)

(a) Related parties (continued)

- Nicmar Capital Corp. is a company controlled by a former director and officer of the Company. Transactions with this company are also included in the key management compensation disclosure. The outstanding balance owing at June 30, 2014 and 2013 was \$nil.

(b) Compensation of key management personnel

Compensation of key management personnel was as follows:

	2014	2013
Short-term benefits	\$ 370,517	\$ 4,523
Share-based compensation	315,276	-
Consulting fees	-	41,563
	\$ 685,793	\$ 46,086

7. Income taxes

(a) Tax losses

The Company has accumulated non-capital losses of approximately \$2,596,700 (June 30, 2013 - \$1,008,700) 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	1,587,972
	\$ 2,596,713

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

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

	2014	2013
Average statutory tax rate	26.00%	25.25%
Loss before income taxes	\$ (2,079,793)	\$ (419,738)
Expected income tax recovery	(540,746)	(105,984)
Increase (decrease) in income tax recovery resulting from:		
Share-based compensation	130,824	-
Share issuance costs	(11,974)	-
Effect of differences in tax rate in foreign jurisdictions	-	62,609
Effect of change in statutory rates	-	(10,899)
Non-deductible portion of capital losses	-	83,460
Foreign exchange and other	6,296	(9,325)
(Decrease) Increase in unrecognized tax assets	415,600	(19,861)
Income tax recovery	\$ -	\$ -

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For the years ended June 30, 2014 and 2013

7. Income taxes (continued)

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

	2013	Net loss	Equity	2014
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
Deferred tax assets	357,602	412,862	2,738	773,202
Deferred tax liabilities	-	-	-	-
Net deferred tax assets	357,602	412,862	2,738	773,202
Unrecognized deferred tax assets	(357,602)	(412,862)	(2,738)	(773,202)
Net deferred tax balance	\$ -	\$ -	\$ -	\$ -

	2012	Net loss	Equity	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	\$ -	\$ -	\$ -	\$ -

8. 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.

The Company's investment policy is to invest its surplus cash in highly liquid short-term interest-bearing investments with maturities 90 days or less from the original date of acquisition, selected with regards to the expected timing of expenditures from continuing operations

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9. Financial instruments

The Company's financial instruments consist of cash and cash equivalents, amounts receivable and accounts payables and accrued liabilities. The fair values of these financial instruments approximate their carrying values due to their short-term to maturity. The Company's financial instruments are exposed to credit and currency risks.

(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'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 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 in relation to its interest receivable from its investments in Canadian GIC's and goods and service tax ("GST") from the Canadian government. Management is confident that their carrying values are recoverable in full and this risk is minimal.

(b) 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, 2014, the Company held net financial assets denominated in US currency in the amount of US\$102,635 (June 30, 2013 – US\$4,252).

A 10% increase or decrease in the US dollar exchange rate would result in a corresponding increase or decrease in the Company's net loss of approximately \$10,300 (June 30, 2013 – \$425).

10. Segmented information

The Company operates in one operational segment, being acquisition, exploration and development of mineral resource properties. The Company did not have revenues or non-current assets at June 30, 2014 or its comparative period June 30, 2013.

As at June 30, 2014 and 2013, the Company's loss and comprehensive loss was incurred in Canada.

11. Supplemental cash flow information

	Maturity	2014	2013
Components of cash and cash equivalents:			
Cash	N/a	\$ 197,144	\$ 186,803
Term deposits	Cashable on demand	2,180,000	1,100,000
		\$ 2,377,144	\$ 1,286,803