Formerly GEORGETOWN CAPITAL CORP.
(An exploration stage company)

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

## FOR THE THREE AND SIX MONTHS ENDED DECEMBER 31, 2013 AND 2012

**Dated: February 25, 2014**

### 1.1 Date and forward-looking statements

This Management Discussion and Analysis ("MD&A") of Auryn Resources Inc. (formerly Georgetown Capital Corp.) (the "Company" or "Auryn") has been prepared by management to assist the reader to assess material changes in the consolidated financial condition and results of operations of the Company as at December 31, 2013 and for the three months then ended. This MD&A should be read in conjunction with the condensed consolidated interim financial statements of the Company and related notes thereto as at and for the three and six months ended December 31, 2013 and 2012. The condensed consolidated interim financial statements have been prepared in accordance with International Accounting Standard ("IAS") 34, "Interim Financial Reporting" using accounting policies consistent with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB") and Interpretations issued by the International Financial Reporting Interpretations Committee ("IFRIC"). The accounting policies followed in these condensed consolidated interim financial statements are the same as those applied in the Company's most recent audited annual consolidated financial statements for the years ended June 30, 2013 and 2012. The effective date of this MD&A is February 25, 2014.

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

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

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

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

### 1.2 Overall performance

#### 1.2.1 Description of business

Auryn is a junior exploration company focused on the acquisition, exploration and development of mineral resource properties and was incorporated under the British Columbia Business Corporations Act on June 9, 2008 under the name Georgetown Capital Corp. Subsequently on October 15, 2013, the Company changed its name to Auryn Resources Inc. and is a reporting issuer in British Columbia, Alberta and Ontario. The Company is listed on the TSX Venture Exchange ("the Exchange") as a Tier 2 mining issuer, and its shares trade under the symbol AUR.V.

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

**Eurasian Exploration Program**

The Company is currently in discussions and carrying out due diligence with a number of parties in Turkey and Eurasia with the goal of establishing an exploration and development operation in the region. The Company has yet to sign any definitive agreements and there can be no assurance that it will be able to do so. As of the date of this MD&A, the Company not does hold an interest in a Tier 2 Property ("Qualifying Property"), as defined by the rules of the Exchange.

The business of the Company involves a high degree of risk and there is no assurance that the Company will identify appropriate properties for acquisition or investment and even if so identified and warranted, that it will be able to finance the acquisition or investment. In the event that the Company is not able to identify an appropriate mineral property for acquisition or investment in accordance with the listing requirements of the Exchange, there is a risk that the Company, at the discretion of the Exchange, will be transferred to the NEX Board as an inactive company.

On November 4, 2013, the Company incorporated a new wholly owned subsidiary, Akkese Madencilik Sanayi Ve Ticaret Ltd. Şt., domiciled in the Republic of Turkey.

**Private Placements**

On November 8, 2013 the Company closed a non-brokered private placement for $2,196,500, previously announced on September 26, 2013. The placement consisted of 4,393,000 common shares of the Company at a price of $0.50 per share. The shares sold under the offering are subject to a four-month hold period in Canada. In addition, the Company paid a commission on certain placements within the offering totalling $16,800.

On February 17, 2014, the Company closed a non-brokered private placement for $575,000, previously announced on January 23, 2013. The placement consisted of 1,150,000 common shares of the Company at a price of $0.50 per share. The shares sold under the offering are subject to a four-month hold period in Canada.

### 1.2 Overall performance (continued)

#### 1.2.1 Description of business (continued)

**Changes in Management**

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

**Appointment of Directors**

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

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

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

Keith Minty – Mr. Minty obtained a B.Sc. in Mining Engineering from Queen's University, Kingston Ontario, Canada in 1978. He has over 25 years of open pit and underground mine operational and project development experience in North America, Central America and in Africa. From 2008 to 2013, Mr. Minty was the Chief Operating Officer at Thani Dubai Mining Limited ("Thani") where he was responsible for all project exploration and operation activities in Yemen and Egypt as well as new business development activities. Prior to joining Thani, he was the South African country manager for Hunter Dickinson Inc. Mr. Minty has also served on the board of directors of Asanko Gold Inc.

Three and six months ended December 31, 2013 and 2012 *Expressed in Canadian Dollars*

### 1.3 Selected annual information

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

The Company generated no revenues from operations during these periods.

### 1.4 Results of Operations

*Six months ended December 31, 2013 and 2012*

During the six months ended December 31, 2013, the Company reported a comprehensive loss of $609,489 and loss per share of $0.04 compared to a net comprehensive loss of $110,916 and loss per share of $0.01 for the same period of the previous year. The loss for the six months ended December 31, 2013 was higher due to $235,863 of project investigation costs that were incurred during the period. The project investigation costs primarily relate to the exploration programs in Turkey and other projects located in Eurasia.

Other significant variances are discussed as follows:

(1) During the six months ended December 31, 2013, the Company incurred $385,172 in administrative expenses an increase of $285,610 over the same period in the prior year. This increase is attributable to corporate support costs including salaries for the Company's foreign operations and project investigation activities.
(2) During the six months ended December 31, 2013, the Company recorded the reclassification of a cumulative translation adjustment loss of $19,400 to net loss on dissolution of the Company's wholly owned subsidiary Georgetown Alaska Inc.
(3) As a result of the Canada Revenue Agency's examination of the Company's HST returns, the Company was deemed not to be active while it was a CPC and after it terminated its option agreement on the Tanacross mineral property and thus not eligible to claim ITCs. As such, the Company recorded a provision of $18,171 against input tax credits claimed in previous years. The Company has filed a notice of objection, the outcome of which is unknown.

*The three months ended December 31, 2013 and 2012*

During the three months ended December 31, 2013, the Company reported a comprehensive loss of $399,485 comprised of $278,963 in administration expenses and $120,522 in other expenses (income) stemming from project investigation costs in Turkey and across Eurasia. During this three-month period, salaries and director's fees were $119,776, being significantly higher than the same period in the previous year. Effective November 1, 2013, the Company commenced compensating its President and CEO, Chief Operating Officer and other corporate staff.

Three and six months ended December 31, 2013 and 2012 *Expressed in Canadian Dollars*

### 1.5 Summary of quarterly results

| Quarter ended | Interest and other income | Loss | Comprehensive loss | Loss per share |
|---|---|---|---|---|
| | $ | $ | $ | $ |
| December 31, 2013 | 4,477 | (399,485) | (399,485) | (0.03) |
| September 30, 2013 | 3,645 | (210,004) | (210,004) | (0.02) |
| June 30, 2013 | 4,190 | (243,130) | (243,130) | (0.02) |
| March 31, 2013 | 4,286 | (47,826) | (47,826) | (0.00) |
| December 31, 2012 | 4,348 | (54,504) | (54,504) | (0.00) |
| September 30, 2012 | 4,288 | (74,278) | (56,412) | (0.01) |
| June 30, 2012 | 4,325 | (47,584) | (46,368) | (0.00) |
| March 31, 2012 | 4,475 | (38,859) | (39,932) | (0.00) |

Due to a ramp up in project investigation costs comprehensive loss for the quarters ended December 31, 2013, September 30, 2013 and June 30, 2013 were higher compared to the previous quarters.

### 1.6/1.7 Liquidity and capital resources

As at December 31, 2013, the Company had cash resources of $2,757,059 and working capital of $2,718,584. Current liabilities as at December 31, 2013 consisted of accounts payable and accrued liabilities of $82,533, which have been incurred in the process of maintaining the Company's public listing in good standing and conducting extensive project investigation activities.

During the six months ended December 31, 2013, the Company spent net cash of $692,468 in operating activities compared to $130,589 during the three months period of the previous year. This increase in cash used is the result of the Eurasian project investigation costs incurred during the quarter.

During the six months ended December 31, 2013, the Company raised net cash of $2,164,997 through 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. The common shares are subject to a four-month hold period expiring March 8, 2014. 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.

The Company's current working capital is sufficient for the Company to meets its immediate liquidity requirements as well as those for the coming 12 months. Until such time the Company decides to acquire a mineral interest or make exploration expenditure commitments, the Company's 12-month budget forecast is approximately $500,000 on general and administration and $500,000 on early stage exploration and project investigation.

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

Share issuances

On November 8, 2013, the Company issued of 4,393,000 common shares in connection with the private placement Offering.

On February 17, 2014, the Company issued of 1,150,000 common shares in connection with the private placement Offering.

Other sources of funds

As at December 31, 2013, the Company does not have any outstanding warrants.

On February 17, 2013, the Company, under the terms of its existing stock option plan, granted an initial 1,580,000 incentive stock options to employees, directors and consultants of the Company, exercisable at a price of $0.51 per share for a period of five years from the date of grant. Any shares issued under the option grant will be subject to a four-month hold period from the date of granting, pursuant to the policies of the TSX Venture Exchange.

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

As of July 1, 2013, the Company has taken the view that its ITCs are refundable given its level of activity and support of its foreign operations. As at December 31, 2013, the Company has record $16,402 as a GST receivable.

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

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

### 1.8 Off-balance sheet arrangements

The Company does not utilize off-balance sheet arrangements.

Three and six months ended December 31, 2013 and 2012 *Expressed in Canadian Dollars*

### 1.9 Transactions with related parties

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

(a) Related parties

| | Three months ended December 31, 2013 | Three months ended December 31, 2012 | Six months ended December 31, 2013 | Six months ended December 31, 2012 |
|---|---|---|---|---|
| Universal Mineral Services Ltd. [1] | 142,015 | 28,958 | 298,152 | 52,218 |
| Nicmar Capital Corp. (formerly Tony Ricci, CA) [2] | - | 10,500 | - | 21,000 |

1. Universal Mineral Services Ltd., ("UMS") i s 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 December 31, 2013 was $53,316 (June 30, 2013 – $80,886).

2. 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 December 31, 2013 was $nil (June 30, 2013 – $nil).

(b) Compensation of key management personnel

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

| | Three months ended December 31, 2013 | Three months ended December 31, 2012 | Six months ended December 31, 2013 | Six months ended December 31, 2012 |
|---|---|---|---|---|
| Short-term benefits | 78,792 | 1,276 | 111,517 | 1,276 |
| Consulting fees | - | 10,500 | - | 21,000 |
| | 78,792 | 11,776 | 111,517 | 22,276 |

### 1.10 Subsequent events

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

### 1.11 Proposed Transactions

Please refer to section 1.2.

### 1.12 Critical Accounting Estimates

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

### 1.13 Changes in accounting policies including initial adoption

None

### 1.14 Financial instruments and other instruments

As at December 31, 2013, the Company's financial instruments consist of cash and cash equivalents, receivables and trade payables and other. Unless otherwise noted, it is management's opinion that the Company is not materially exposed to significant credit, liquidity, or market risks arising from these financial instruments.

The Company is exposed to foreign currency risk by having balances and transactions in currencies that are different from its functional currency or the Canadian dollar. As at December 31, 2013, the Company held financial assets denominated in US dollars in the amount of US$225,039 (June 30, 2013 – US$4,252).

A 10% increase or decrease in the above mentioned currencies compared to the United States dollar exchange rate would result in a corresponding increase or decrease in the Company's net loss of approximately $23,935 (June 30, 2013 – $447).

Capital risk management

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

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

### 1.15 Other requirements

**Capital structure**

Authorized shares: Unlimited number of common shares
Issued and outstanding common shares as at February 25, 2014: 18,303,605
Issued and outstanding common shares as at December 31, 2013: 17,728,605

Shares in escrow as at February 25, 2014: nil
Shares in escrow as at December 31, 2013: 769,750

Outstanding stock options as at February 25, 2014: 1,580,000
Outstanding stock options as at December 31, 2013: nil

**Disclosure controls and procedures**

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

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

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

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

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

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

On behalf of the Board of Directors,

*"Shawn Wallace"*
**Shawn Wallace**
President and Chief Executive Officer
February 25, 2014