

**AURAMEX RESOURCE CORP.**

**CONSOLIDATED FINANCIAL STATEMENTS**

**DECEMBER 31, 2007 AND 2006**



## AUDITORS' REPORT

To the Shareholders of  
Auramex Resource Corp.

We have audited the consolidated balance sheets of Auramex Resource Corp. as at December 31, 2007 and 2006, and the consolidated statements of operations and deficit, and cash flows for the years then ended. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with Canadian generally accepted auditing standards. Those standards require that we plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In our opinion, these consolidated financial statements present fairly, in all material respects, the financial position of the Company as at December 31, 2007 and 2006 and the results of its operations and its cash flows for the years then ended in accordance with Canadian generally accepted accounting principles.

Vancouver, Canada

April 24, 2008

"Morgan & Company"

Chartered Accountants

**AURAMEX RESOURCE CORP.**  
**CONSOLIDATED BALANCE SHEETS**

	<b>DECEMBER 31</b>	
	<b>2007</b>	<b>2006</b>
<b>ASSETS</b>		
<b>Current</b>		
Cash and cash equivalents	\$ 116,644	\$ 57,076
Taxes recoverable	15,668	7,998
Prepaid expenses	3,492	-
	135,804	65,074
<b>Reclamation Deposits</b> (Note 3)	7,070	7,063
<b>Equipment</b> (Note 4)	5,482	3,435
<b>Mineral Exploration Properties</b> (Note 5)	2,212,305	1,034,584
	\$ 2,360,661	\$ 1,110,156
<b>LIABILITIES</b>		
<b>Current</b>		
Accounts payable and accrued liabilities	\$ 47,927	\$ 113,743
<b>Due To Related Parties</b> (Note 7)	-	78,645
	47,927	192,388
<b>SHAREHOLDERS' EQUITY</b>		
<b>Share Capital</b> (Note 8)	9,978,664	8,324,975
<b>Share Subscriptions Received</b>	-	28,500
<b>Contributed Surplus</b>	576,565	528,438
<b>Deficit</b>	(8,242,495)	(7,964,145)
	2,312,734	917,768
	\$ 2,360,661	\$ 1,110,156

**Subsequent Events** (Note 11)

Approved on Behalf of the Board of Directors:

"Heather Conley"  
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 Director

"Judie Whitby"  
 \_\_\_\_\_  
 Director

The accompanying notes are an integral part of these financial statements.

# AURAMEX RESOURCE CORP.

## CONSOLIDATED STATEMENTS OF OPERATIONS AND DEFICIT

	YEARS ENDED DECEMBER 31	
	2007	2006
<b>Expenses</b>		
Amortization	\$ 1,873	\$ 1,602
Currency exchange loss (gain)	17,057	(165)
Investor relations consulting	22,575	18,000
Management consulting fees	85,339	72,000
Marketing	23,416	6,289
Office and sundry	11,293	6,042
Professional fees	63,424	62,281
Shareholders communications	7,959	8,100
Stock based compensation	56,248	89,525
Transfer agent and filing fees	27,753	23,168
Travel	10,975	4,725
<b>Loss Before The Following</b>	<b>(327,912)</b>	<b>(291,567)</b>
<b>Interest Income</b>	<b>2,562</b>	<b>144</b>
<b>Other income (Note 6)</b>	<b>47,000</b>	
<b>Write Off Of Mineral Property</b>	<b>-</b>	<b>(362,585)</b>
<b>Loss Before Income Tax</b>	<b>(278,350)</b>	<b>(654,008)</b>
<b>Future Income Tax Recovery</b>	<b>-</b>	<b>76,714</b>
<b>Loss For The Year</b>	<b>(278,350)</b>	<b>(577,294)</b>
<b>Deficit, Beginning Of Year</b>	<b>(7,964,145)</b>	<b>(7,386,851)</b>
<b>Deficit, End Of Year</b>	<b>\$ (8,242,495)</b>	<b>\$ (7,964,145)</b>
<b>Loss Per Share - Basic and diluted</b>	<b>\$ (0.01)</b>	<b>\$ (0.03)</b>
<b>Weighted Average Number Of Common Shares Outstanding - Basic and diluted</b>	<b>26,650,505</b>	<b>16,923,146</b>

The accompanying notes are an integral part of these financial statements.

**AURAMEX RESOURCE CORP.**  
**CONSOLIDATED STATEMENTS OF CASH FLOWS**

	YEARS ENDED DECEMBER 31	
	2007	2006
<b>Operating Activities</b>		
Loss for the year	\$ (278,350)	\$ (577,294)
Items not involving cash:		
Write off of mineral property	-	362,585
Recovery of future income tax	-	(76,714)
Stock based compensation	56,248	89,525
Amortization	1,873	1,602
Accrued interest on reclamation deposits	(7)	(19)
	<u>(220,236)</u>	<u>(200,315)</u>
Changes in operating assets and liabilities		
Taxes recoverable	(7,670)	(4,073)
Prepaid expenses	(3,492)	-
Accounts payable and accrued liabilities	(81,554)	22,359
	<u>(312,952)</u>	<u>(182,029)</u>
<b>Investing Activities</b>		
Mineral property expenditures	(1,066,588)	(404,212)
Acquisition of equipment	(3,920)	(36)
	<u>(1,070,508)</u>	<u>(404,248)</u>
<b>Financing Activities</b>		
Shares issued for cash	1,632,035	617,000
Share subscriptions received	-	28,500
Share issuance costs	(110,362)	(72,678)
Due to related parties	(78,645)	(45,634)
	<u>1,443,028</u>	<u>527,188</u>
<b>Increase (Decrease) In Cash And Cash Equivalents</b>	<b>59,568</b>	<b>(59,089)</b>
<b>Cash And Cash Equivalents, Beginning Of Year</b>	<b>57,076</b>	<b>116,165</b>
<b>Cash And Cash Equivalents, End Of Year</b>	<b>\$ 116,644</b>	<b>\$ 57,076</b>
<b>Supplemental Disclosure Of Cash Flow Information</b>		
Interest paid	\$ -	\$ -
Taxes paid	\$ -	\$ -
<b>Supplemental Disclosure Of Non-Cash Investing And Financing Activities</b>		
Shares issued as consideration for interest in mineral property	\$ 95,395	\$ 15,950

The accompanying notes are an integral part of these financial statements.

# AURAMEX RESOURCE CORP.

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

DECEMBER 31, 2007 AND 2006

### 1. GOING CONCERN

The financial statements for the years ended December 31, 2007 and 2006 are prepared on a going-concern basis, which contemplates the realization of assets and the settlement of liabilities in the normal course of business. The Company is in the development stage and currently derives no revenues from its operations. The Company has financed its operations principally through debt and equity financing. Substantial external financing will be required by the Company in order to fund its future operations, exploration of interests in mineral properties and meet listing requirements of the TSX Venture Exchange. The ultimate realization of the amounts shown as interests in mineral properties (Note 5) is dependent upon the continuance of rights to tenure of the areas of interest, the results of future exploration, the successful development and exploitation of the areas of interest or alternatively by their sale. The financial statements do not include any adjustments, which might result from the outcome of these uncertainties.

### 2. SIGNIFICANT ACCOUNTING POLICIES

#### a) Basis of Consolidation

These consolidated financial statements include the accounts of the Company and its wholly owned subsidiary, Exploración Auramex S.A. de C.V. (incorporated in Mexico). All significant intercompany transactions and balances have been eliminated upon consolidation.

#### b) Cash and cash equivalents

Cash and cash equivalents consist of cash and short term deposits with maturities of 90 days or less when acquired. As at December 31, 2007 and 2006, the Company does not have any cash equivalents.

#### c) Equipment

Equipment is recorded at cost. Amortization is recorded on the diminishing balance basis over the estimated useful lives of the assets as follows:

Exploration equipment	30%
Computer and office equipment	30%

#### d) Interests in Mineral Properties

The Company follows the method of accounting for its interests in mineral properties whereby all costs related to acquisition, exploration and development are capitalized by area of interest. These expenditures are carried forward where rights to tenure of the areas of interest are current, and it is expected the expenditure will be recovered through successful development and exploitation of the area of interest or alternatively by its sale and/or the activities are continuing in the area of interest but have not yet reached a stage of development which permits reasonable assessments of existence or otherwise of economically recoverable reserves. Expenditures which no longer satisfy the above criteria, are written off. The carrying value of each of its interests in mineral properties is reviewed on a regular basis.

# AURAMEX RESOURCE CORP.

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

DECEMBER 31, 2007 AND 2006

### 2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

#### d) Interests in Mineral Properties (Continued)

Proceeds received from the sale of any interest in a property will first be credited against the carrying value of the property, with any excess included in operations for the period. Mineral property interest option payments are recorded when receivable and are charged against the related mineral property interests' costs.

On commencement of commercial production, net costs will be charged to operations on the unit-of-production method by property based upon estimated recoverable reserves.

Recorded costs of mineral properties and capitalized exploration and development expenditures are not intended to reflect present or future values of resource properties. The Company does not accrue the estimated future costs of maintaining its mineral property interests in good standing. Capitalized costs are subject to measurement uncertainty and it is reasonably possible, based on existing knowledge, that changes in future conditions could require a material change in the recorded amounts.

#### e) Asset Retirement Obligations

The Company follows the recommendations in CICA Handbook Section 3110 – “Asset Retirement Obligations” with respect to asset retirement obligations. Under Section 3110, legal obligations associated with the retirement of tangible long-lived assets are recorded as liabilities. The liabilities are calculated using the net present value of the cash flows required to settle the obligation. A corresponding amount is capitalized to the related asset. Asset retirement costs are charged to earnings in a manner consistent with the depreciation, depletion and amortization of the underlying asset. The liabilities are subject to accretion over time for changes in the fair value of the liability through charges to accretion which is included in cost of sales and operating expenses.

Management estimates may be subject to material adjustment as a result of changes in regulations, or changes in the means and extent of environmental remediation. Changes in estimates are accounted for prospectively from the period the estimate is revised. As at December 31, 2007, the Company does not have any asset retirement obligations.

#### f) Long-lived Assets Impairment

Long-lived assets include mineral exploration properties. The Company follows the recommendations in CICA Handbook Section 3063 “Impairment of Long-Lived Assets” and the CICA’s Emerging Issues Committee (“EIC”) emerging extract EIC-126 “Accounting by Mining Enterprises for Exploration Costs”. Section 3063 requires that the Company review long-lived assets, including mining properties for impairment. Long-lived assets are assessed for impairment when events and circumstances warrant. EIC-126 consensus is that a mining enterprise in the development stage is not obliged to conclude that capitalized costs have been impaired due to the absence of a projected estimated future net cash flow from the mining enterprise. Mineral properties in the development stage do not have established mineral reserves and a basis for the preparation of a projection of the estimated future net cash flow from the properties does not exist. However, a mining enterprise is required to consider the conditions in Section 3063 for impairment write-down. The conditions include significant unfavourable economic, legal, regulatory, environmental, political and other factors. In addition, management’s development activities towards its planned principal operations are a key factor considered as part of the ongoing assessment of the recoverability of the carrying amount of a mineral property. Whenever events or changes in circumstances indicate the carrying amount of a mineral property in the exploration stage may be impaired the capitalized cost is written down to the estimated recoverable amount.

# AURAMEX RESOURCE CORP.

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

DECEMBER 31, 2007 AND 2006

### 2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

#### g) Stock Based Compensation

The Company's Option Plan provides for granting of stock options to directors, officers and employees. The Company uses the fair value method for valuing stock option grants. Compensation costs attributable to share options granted are measured at fair value at the grant date and are expensed over vesting periods with a corresponding increase to contributed surplus. Upon exercise of the stock options, consideration paid by the option holder together with the amount previously recognized in contributed surplus is recorded as an increase to share capital.

#### h) Flow-Through Common Shares

Resource expenditure deductions for Canadian income tax purposes related to Canadian exploration and development activities funded by flow-through share arrangements are renounced to investors in accordance with income tax legislation. The Company follows the accounting prescribed by the CICA Emerging Issues Committee (EIC) in EIC-146 "Flow-through Shares". On the date the expenditures are renounced, the Company records the income tax benefit arising from the renunciation as a recovery of income taxes in the statement of operations and a corresponding reduction in the share capital amounts recorded from the sale of the flow-through shares proceeds.

#### i) Share Issuance Costs

Costs directly identifiable with the raising of capital are charged against the related share capital. Costs related to shares not yet issued are recorded as deferred financing costs. These costs are presented as other assets until the issuance of the shares to which the costs relate, at which time the costs are charged against the related share capital or charged to operations if the shares are not issued.

#### j) Loss Per Share

Loss per share computations are based upon the weighted average number of common shares outstanding during the year. The Company uses the treasury stock method to compute the dilutive effect of options, warrants and other similar instruments. Under this method, the dilutive effect on earnings per share is recognized on the use of the proceeds that could be obtained upon the exercise of options and warrants. It assumes that the proceeds would be used to purchase common shares at the average market price during the period. Diluted loss per share is not disclosed, as the effect of conversion of outstanding options and warrants is anti-dilutive.

#### k) Foreign currency transactions

Transactions denominated in Mexican Pesos and in American Dollars have been translated into Canadian dollars at the rate of exchange prevailing at the time of the transaction. Monetary assets and liabilities denominated in foreign currencies have been translated into Canadian dollars at the year-end exchange rate. Exchange gains and losses are included in operating results.

#### l) Income Tax

Income taxes are calculated using the liability method of accounting. Temporary differences arising from the difference between the tax basis of an asset or liability and its carrying amount on the balance sheet are used to calculate future income tax liabilities or assets. Future income tax liabilities or assets are measured using the tax rates anticipated to apply in the periods that the temporary differences are expected to reverse. Valuation allowances are provided where (net) future income tax assets are more likely than not to be realized.

# AURAMEX RESOURCE CORP.

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

DECEMBER 31, 2007 AND 2006

### 2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

#### m) Financial Instruments

The carrying value of financial instruments not otherwise disclosed separately in the financial statements, approximate their fair values. These financial instruments include cash and cash equivalents, taxes recoverable, and accounts payable and accrued liabilities. Their fair values approximate carrying values, since they are short term in nature and are receivable or payable on demand. Unless otherwise noted, it is management's opinion that the Company is not exposed to significant interest, currency or credit risks arising from the financial instruments.

#### n) Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, and disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the reporting period. Significant areas requiring the use of management estimates relate to the determination of impairment of assets, resource property carrying values, future income tax assts, and determination of fair value for stock based compensation and transactions. Due to the inherent uncertainty involved with making such estimates, actual results reported in future years could differ from these estimates.

#### o) Accounting policy changes

Effective January 1, 2007, the Company adopted the new accounting standards issued by the Canadian Institute of Chartered Accountants ("CICA") relating to financial instruments under CICA Handbook Section 3855 "Financial Instruments – Recognition and Measurement", Section 3861 "Financial Instruments – Disclosure and Presentation", Section 3865 "Hedges" and Section 1530 "Comprehensive Income". As required by the transitional provisions of these new standards, these new standards have been adopted on a prospective basis with no restatement to prior period financial statements.

- CICA Section 3855, "Financial Instruments – Recognition and Measurement", sets out criteria for the recognition and measurement of financial instruments. This standard requires all financial instruments within its scope, including derivatives, to be included on a Company's balance sheet and measured either at fair value or, in certain circumstances when fair value may not be considered and most relevant, at cost or amortized cost. Changes in fair value are to be recognized in the statement of operations or accumulated other comprehensive income, depending on the classification of the related instruments.

All financial assts and liabilities are recognized when the entity becomes a party to the contract creating the asset or liability. As such, any of the Company's outstanding financial assets and liabilities at the effective date of adoption are recognized and measured in accordance with the new requirements as if the requirements had always been in effect. Changes to the fair value of assets and liabilities prior to adoption are recognized by adjusting opening deficit or opening "other accumulated comprehensive income".

# AURAMEX RESOURCE CORP.

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

DECEMBER 31, 2007 AND 2006

### 2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

#### o) Accounting policy changes (Continued)

All financial instruments are classified into one of the following five categories: held-for-trading, held-to-maturity, loans and receivables, available-for-sale financial assets, or other financial liabilities. Initial and subsequent measurement and recognition of changes in the value of financial instruments depends on their initial classification as follows: (1) held-for-trading financial instruments are measured at fair value and changes in fair value are recognized in net earnings in the period in which they arise; (2) held-to-maturity investments, loans and receivables, and other financial liabilities are initially measured at fair value and subsequently measured at amortized cost and amortization of premiums or discounts and losses due to impairment are included in current period net earnings; (3) available-for-sale financial assets are measured at fair value and changes in fair value are included in "other comprehensive income" until the gain or loss is recognized in income; (4) all derivative financial instruments are measured at fair value, even when they are part of a hedging relationship and changes in fair value are included in net earnings in the period in which they arise, except for hedge transactions which qualify for hedge accounting treatment in which case gains and losses are recognized as other comprehensive income.

In accordance with the new standard, the Company has classified its cash and equivalents and short-term investments as held-for-trading. Amounts receivable are classified as loans and receivables. Accounts payable and accrued liabilities and due to related parties are classified as other liabilities. Derivatives embedded in other financial instruments must be separated and measured at fair value. The Company currently does not have embedded derivatives.

- CICA Section 3861, "Financial Instruments – Disclosure and Presentation", establishes the requirements for the disclosure and presentation of financial instruments and non-financial derivatives.
- CICA Section 3865, "Hedging", specifies the circumstances under which hedge accounting is permissible and how hedge accounting may be performed. The Company currently does not have any financial instruments which qualify for hedge accounting.
- CICA Section 1530, "Comprehensive Income", specifies how comprehensive income is to be reported and presented. Comprehensive income is the change in the Company's shareholder equity that results from transactions and other events from other than the Company's shareholders and includes items that would not normally be included in net earnings, such as unrealized gains or losses on available-for-sale investments. This standard requires certain gains and losses that would otherwise be recorded as part of net earnings to be presented in other comprehensive income until such items are realized.

This standard requires the presentation of comprehensive income, and its components in a separate financial statement that is displayed with the same prominence as the other financial statements. Accumulated other comprehensive income is presented as a new category in shareholders' equity.

As there were no other comprehensive income items, comprehensive loss for the year was equal to the net loss for the year.

# AURAMEX RESOURCE CORP.

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

DECEMBER 31, 2007 AND 2006

### 2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

o) Accounting policy changes (Continued)

Effective January 1, 2007, the Company adopted CICA Section 1506, "Accounting Changes", effective for annual and interim periods beginning on or after January 1, 2007. The new standard establishes criteria for changing accounting policies, together with the accounting treatment and disclosure of changes in accounting policies, changes in accounting estimates and the correction of errors. The disclosure is to include, on an interim and annual basis, a description and the impact on the Company on any new primary source of GAAP that has been issued but is not yet effective. The impact that the adoption of Section 1506 will have on the Company's results of operations and financial condition will depend on the nature of future accounting changes.

p) Comparative figures

Certain comparative figures have been reclassified in order to conform with the current year's financial statement presentation.

q) Future accounting pronouncements

The following accounting pronouncements are applicable to future reporting periods. The Company is currently evaluating the effects of adopting these standards:

- On January 8, 2008, the CICA issued Section 3064, "Goodwill and Intangible Assets". Section 3064 establishes standards for the recognition, measurement and disclosure of goodwill and intangible assets. Section 3064 is effective for the Company for annual and interim financial statements commencing January 1, 2009.
- On September 15, 2006, the CICA issued three new accounting standards: Section 1535 "Capital Disclosures", Section 3862 "Financial Instruments – Disclosures" and Section 3863 "Financial Instruments – Presentation". Section 1535 requires that a company disclose information that enables users of its financial statements to evaluate its objectives, policies and procedures for managing capital including disclosures of any externally imposed capital requirements and the consequences for non-compliance. Sections 3862 and 3863 replace Section 3861 "Financial Instruments – Disclosure and Presentation", revising and enhancing its disclosure requirements, and carrying forward unchanged its presentation requirements. These new sections place increased emphasis on disclosures about the nature and extent of risks arising from financial instruments and how the entity manages those risks. Sections 1535, 3862 and 3863 are effective for the Company for annual and interim financial statements commencing January 1, 2008.

### 3. RECLAMATION DEPOSITS

As at December 31, 2007 the Company had reclamation deposits with the province of British Columbia totaling \$7,070 (2006 - \$7,063) with respect to the Brandywine and Summit/Oldtimer properties.

# AURAMEX RESOURCE CORP.

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

DECEMBER 31, 2007 AND 2006

### 4. EQUIPMENT

	2007		
	COST	ACCUMULATED AMORTIZATION	NET BOOK VALUE
Computer and office equipment	\$ 6,030	\$ 4,010	\$ 2,020
Exploration equipment	5,143	1,681	3,462
	\$ 11,173	\$ 5,691	\$ 5,482
	2006		
	COST	ACCUMULATED AMORTIZATION	NET BOOK VALUE
Computer and office equipment	\$ 5,624	\$ 3,010	\$ 2,614
Exploration equipment	1,629	808	821
	\$ 7,253	\$ 3,818	\$ 3,435

### 5. MINERAL EXPLORATION PROPERTIES

	2007 ACQUISITION AND DEFERRED EXPLORATION COSTS					
	BRANDYWINE PROPERTY	MAGENTA PROPERTY	LA PERLA II CONCESSION	BEAR RIVER PROPERTY	GRACIAS A DIOS	TOTAL
Acquisition Costs						
Balance, beginning of year	\$ 40,066	\$ 55,484	\$ 4,559	\$ 51,391	\$ 15,591	\$ 167,091
Additions	-	37,279	-	48,383	176,594	262,256
Balance, end of year	40,066	92,763	4,559	99,774	192,185	429,347
Deferred Exploration						
Balance, beginning of year	28,716	605,189	8,723	224,865	-	867,493
Geological, mapping and field expenses	18,266	80,399	4,856	273,423	514,765	891,709
Permits, taxes and assessment fees	593	8,376	2,099	12,499	189	23,756
Balance, end of year	47,575	693,964	15,678	510,787	514,954	1,782,958
Total	\$ 87,641	\$ 786,727	\$ 20,237	\$ 610,561	\$ 707,139	\$ 2,212,305

# AURAMEX RESOURCE CORP.

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

DECEMBER 31, 2007 AND 2006

### 5. MINERAL EXPLORATION PROPERTIES (Continued)

	2006 ACQUISITION AND DEFERRED EXPLORATION COSTS					
	BRANDYWINE PROPERTY	MAGENTA PROPERTY	LA PERLA II CONCESSION	BEAR RIVER PROPERTY	GRACIAS A DIOS	TOTAL
Acquisition Costs						
Balance, beginning of year	\$ 40,000	\$ 50,890	\$ 2,831	\$ 20,135	\$ -	\$ 113,856
Additions	66	4,594	1,728	31,256	15,591	53,235
Balance, end of year	40,066	55,484	4,559	51,391	15,591	167,091
Deferred Exploration						
Balance, beginning of year	24,130	426,598	-	15,464	-	466,192
Geological, mapping and field expenses	4,138	167,489	5,129	191,274	-	368,030
Permits, taxes and assessment fees	448	11,102	3,594	18,127	-	33,271
Balance, end of year	28,716	605,189	8,723	224,865	-	867,493
Total	\$ 68,782	\$ 660,673	\$ 13,282	\$ 276,256	\$ 15,591	\$ 1,034,584

#### Brandywine Property

The Company holds a 100% interest, subject to a net smelter returns royalty ("NSR") of 0.5% with minimum annual royalty payments of \$50,000 following commencement of commercial production, in 5 located claims consisting of 51 units located in the Vancouver Mining Division of British Columbia. In consideration thereof, the Company paid \$10,000 and issued 6,667 shares valued at \$30,000. In 2006, the Company added 125.863 hectares at a staking cost of \$66.

#### Magenta Property

##### a) El Fierro Concession

The Company, through its Mexican subsidiary, Exploración Auramex S.A. de C.V., entered into an option agreement, as amended, to acquire an 85% interest in the El Fierro concession, an exploration concession consisting of 733 hectares located in Culiacan, Sinaloa State, Mexico, by the payment of back taxes of approximately \$8,810 (paid), the issuance of 20,000 common shares (issued), and the incurring of exploration expenses of US\$200,000 over five years commencing on January 1, 2003.

Subsequent to December 31, 2007, the Company issued 25,000 common shares to acquire an extension of the option to December 2008.

Upon the Company earning its interest, the Optionor may either participate in a joint venture for the remaining 15% or convert to a 2% NSR. The Optionor will automatically convert to a 2% NSR in the event that its interest under the joint venture is diluted to 10% or less. The NSR may be purchased for the sum of US \$2,000,000.

##### b) Magenta Property

The Company, through its Mexican subsidiary, has acquired by staking, 4,954 hectares located in Culiacan, Sinaloa State, Mexico. The staked ground encompasses the El Fierro exploration concession.

# AURAMEX RESOURCE CORP.

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

DECEMBER 31, 2007 AND 2006

### 5. MINERAL EXPLORATION PROPERTIES (Continued)

#### c) Ana Concession

The Company through its Mexican subsidiary has purchased a 275 hectare mining concession within the boundaries of the Magenta property. The terms of the acquisition were the payment of US\$10,000 to the vendor and payment of back taxes of approximately \$US18,000.

#### **Gracias a Dios (El Escobal)**

The Company, through its Mexican subsidiary, entered into an option agreement to acquire a 100% interest in the Gracias a Dios and Ampliación Gracias a Dios concessions, consisting of 50 hectares within the boundaries of the of the Magenta property in Mexico. Under the agreement the Company has the right to acquire a 100% interest in these concessions by paying US \$100,000 by December 18, 2007 (paid) and US \$300,000 by December 18, 2008. and issuing the equivalent in value to US \$50,000 in the common shares of the Company upon Exchange approval (issued). Upon the Company earning its interest, the Optionor is entitled to receive a 2% NSR that is capped at US \$1,450,000.

The Company has also entered into an option agreement to purchase 450 hectares of surface land over the concessions and part of the Magenta concession. Under this agreement, the Company must pay US \$100,000 in December 2008. The agreements require that both options be exercised, or that neither be exercised.

#### **La Perla II Concession**

The Company, through its Mexican subsidiary, Exploración Auramex S.A. de C.V., has acquired by staking, the La Perla II mining concession consisting of 300 hectares in northern Sinaloa State, Mexico, at a cost of \$2,831.

#### **Bear River Property**

The Bear River property consists of 104 mineral tenures covering 30,458 hectares located in the Skeena Mining Division, approximately 25 kilometres north of Stewart, British Columbia. Two mineral tenures totalling 235 hectares are 100% owned by the Company. They were acquired by staking at a cost of \$39. The balance of the property has been acquired under option agreements entered into September 21, 2005, February 1, 2006 (two agreements), September 15, 2006, February 21, 2007 and November 22, 2007.

- Under the first agreement the Company had the right to acquire a 100% interest in 30 mineral tenures totalling 9203 hectares by paying \$11,000 (paid), issuing 200,000 common shares over a two year period (200,000 issued), and incurring property expenditures of \$25,000 by March 3, 2006 and \$50,000 in each of 2006 and 2007.
- Under the second agreement, the Company had the right to acquire a 100% interest in 18 mineral tenures totalling 4,097 hectares by paying \$6,000 (paid) and issuing 60,000 shares over a two year period (60,000 issued). These tenures are now owned by the Company. The property acquired through agreements one and two are subject to an NSR of 1% that can be purchased for \$2,000,000.
- Under the third agreement, the Company has the right to acquire a 100% interest in 23 mineral tenures totalling 7,326 hectares by paying \$1,000 (paid) and issuing 140,000 shares over a two year period (70,000 issued in 2007 and 70,000 issued subsequent to year end).

# **AURAMEX RESOURCE CORP.**

## **NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**

**DECEMBER 31, 2007 AND 2006**

### **5. MINERAL EXPLORATION PROPERTIES (Continued)**

- Under the fourth agreement the Company had the right to acquire a 100% interest in 26 mineral tenures totalling 6,351 hectares by paying \$3,500 (paid) and issuing 25,000 shares over a period of one and a half years (25,000 issued). These tenures are now owned by the Company.
- Under the fifth agreement, the Company has the right to acquire 100 % interest in 12 mineral tenures totalling 4791 hectares by paying \$3,400 (paid), and issuing 150,000 shares over one year (100,000 issued in 2007 and 50,000 issued subsequent to year end). The properties acquired through agreements three, four and five are subject to a 1% NSR that can be purchased for \$2,000,000.
- Under the sixth agreement the Company has the right to acquire a 100% interest in 12 mineral tenures totalling 1064 hectares by paying \$3,000 (paid) and issuing 100,000 shares (25,000 subsequently issued). The option is subject to a 2% NSR that can be purchased for \$1,000,000.

### **6. OTHER INCOME**

During the year ended December 31, 2007 the Company received \$47,000 from Resort Municipality of Whistler as coconsideration for quitclaiming certain surface rights within the Brandywine property.

### **7. DUE TO RELATED PARTIES**

An amount of \$Nil (2006 - \$78,645) was included in due to related parties and was due to a director for unbilled legal services for years prior to November 1, 2003. The amount was unsecured and non-interest bearing and during 2006 it was agreed that payment would not be demanded prior to January 1, 2008. The balance was repaid during 2007.

As at December 31, 2007 the Company also owed directors, a company controlled by a director and a company related to a director a total of \$23,801 (2006 - \$79,334) that was included in accounts payable and accrued liabilities. These amounts are unsecured, non-interest bearing and are due on demand.

# AURAMEX RESOURCE CORP.

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

DECEMBER 31, 2007 AND 2006

### 8. SHARE CAPITAL

a) Authorized

Unlimited number of common shares without par value

b) Issued

	NUMBER OF SHARES	AMOUNT	CONTRIBUTED SURPLUS
Balance, December 31, 2005	12,194,749	\$ 7,727,502	\$ 438,913
Shares issued for cash – private placement	6,500,000	745,000	-
Shares issued on acquisition of mineral property	125,000	15,950	-
Tax effect of renunciation of exploration expenditures	-	(76,714)	-
Share issuance costs	-	(86,763)	-
Fair value of stock options	-	-	89,525
	-	-	-
Balance, December 31, 2006	18,819,749	8,324,975	528,438
Shares issued for cash – private placement	10,000,000	1,385,000	-
Shares issued upon exercise of options and warrants	2,019,500	275,535	-
Shares issued on acquisition of mineral property	783,000	95,395	-
Share issuance costs	-	(110,362)	-
Transfer from contributed surplus on exercise of stock options	-	8,121	(8,121)
Fair value of stock options	-	-	56,248
	-	-	-
<b>Balance, December 31, 2007</b>	<b>31,622,249</b>	<b>\$ 9,978,664</b>	<b>\$ 576,565</b>

In September 2007, the Company completed a private placement of 2,000,000 units at \$0.15 per unit. Each unit consists of one flow-through common share and one non-flow-through share purchase warrant. Each share purchase warrant entitles the holder to purchase one common share at a price of \$0.20 per share up to September 6, 2009. The Company paid finders' fees of \$12,750 in connection with this transaction.

In September 2007, the Company completed a private placement of 2,500,000 units at \$0.13 per unit. Each unit consists of one non-flow-through common share and one non-flow-through share purchase warrant. Each share purchase warrant entitles the holder to purchase one additional common share at a price of \$0.15 per share up to September 6, 2009. The Company paid finders' fees of \$19,500 in connection with this transaction.

In July 2007, the Company completed a private placement of 2,000,000 units at \$0.13 per unit. Each unit consists of one non flow-through common share and one non-flow-through share purchase warrant. Each share purchase warrant entitles the holder to purchase one common share at a price of \$0.15 per share up to July 17, 2009. The Company paid finders' fees of \$20,345 in connection with this transaction.

In March 2007, the Company completed a private placement of 1,000,000 units at \$0.20 per unit. Each unit consists of one non flow-through common share and one non-flow-through share purchase warrant. Each share purchase warrant entitles the holder to purchase one common share at a price of \$0.25 per share up to March 12, 2009. The Company paid finders' fees of \$14,500 in connection with this transaction.

In January 2007, the Company completed a private placement of 2,500,000 units at \$0.12 per unit. Each unit consists of one non-flow-through common share and one non-flow-through share purchase warrant. Each share purchase warrant entitles the holder to purchase one additional common share at a price of \$0.15 per share up to January 16, 2009. The Company paid finders' fees of \$23,040 in connection with this transaction. Pursuant to the 2007 flow-through financing, the Company is required to spend \$166,500 eligible exploration expenditures in 2008.

# AURAMEX RESOURCE CORP.

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

### DECEMBER 31, 2007 AND 2006

#### 8. SHARE CAPITAL (Continued)

##### b) Issued (Continued)

In November 2006, the Company completed a private placement of 500,000 units at a price of \$0.15 per unit. Each unit consists of one flow-through common share and one non-flow-through share purchase warrant. Each share purchase warrant entitles the holder to purchase one additional common share at a price of \$0.15 per share up to November 8, 2008. The Company paid finders' fees of \$3,000 in connection with this transaction.

In August 2006, the Company completed a private placement of 1,000,000 units at a price of \$0.10 per unit. Each unit consists of one non-flow-through common share and one non-flow-through share purchase warrant. Each share purchase warrant entitles the holder to purchase one additional common share at a price of \$0.15 per share up to August 14, 2008. The Company paid finders' fees of \$7,500 in connection with this transaction.

In May 2006, the Company completed a private placement of 1,000,000 units at a price of \$0.15 per unit. Each unit consists of one flow-through common share and one non-flow-through share purchase warrant. Each share purchase warrant entitles the holder to purchase one additional common share at a price of \$0.15 per share up to May 2, 2008. The Company paid finders' fees of \$10,800 in connection with this transaction.

In April 2006, the Company completed a private placement of 1,000,000 units at a price of \$0.12 per unit. Each unit consists of one non-flow-through common share and one non-flow-through share purchase warrant. Each share purchase warrant entitles the holder to purchase one additional common share at a price of \$0.15 per share up to April 6, 2008. The Company paid finders' fees of \$2,400 in connection with this transaction.

In February 2006, the Company completed a private placement of 985,000 units at a price of \$0.10 per unit. Each unit consists of one non-flow-through common share and one non-flow-through share purchase warrant. Each share purchase warrant entitles the holder to purchase one additional common share at a price of \$0.12 per share up to February 14, 2008. The Company paid finders' fees of \$8,500 in connection with this transaction.

In January 2006, the Company completed a private placement of 2,015,000 units in two tranches at a price of \$0.10 per unit. Each unit consists of one non-flow-through common share and one non-flow-through share purchase warrant. From the first tranche (consisting of 1,355,000 units), each share purchase warrant entitles the holder to purchase one additional common share at a price of \$0.12 per share up to January 4, 2008, and from the second tranche (consisting of 660,000 units), each share purchase warrant entitles the holder to purchase one additional common share at a price of \$0.12 per share up to January 24, 2008. The Company paid finders' fees of \$17,300 in connection with this transaction.

During the year ended December 31, 2007, the Company also incurred legal fees associated with the private placements of \$20,227 (2006 – \$27,214), which have been charged to share capital.

# AURAMEX RESOURCE CORP.

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

**DECEMBER 31, 2007 AND 2006**

### 8. SHARE CAPITAL (Continued)

c) Share Purchase Warrants

As at December 31, 2007, the Company has the following share purchase warrants outstanding:

EXERCISE PRICE	NUMBER OUTSTANDING	WEIGHTED AVERAGE REMAINING YEARS
\$ 0.12	1,800,000	0.06
\$ 0.15	9,950,000	1.14
\$ 0.20	2,000,000	1.68
\$ 0.25	1,000,000	1.20
\$ 0.16	14,750,000	1.08

A summary of share purchase warrant activity for the years ended December 31, 2007 and 2006 is as follows:

	SHARES	WEIGHTED AVERAGE EXERCISE PRICE
Balance, December 31, 2005	3,287,500	\$ 0.34
Granted	6,500,000	0.14
Expired	(2,387,500)	0.39
Balance, December 31, 2006	7,400,000	0.14
Granted	10,000,000	0.17
Exercised	(1,950,000)	0.14
Expired	(700,000)	0.19
Balance, December 31, 2007	14,750,000	\$ 0.16

d) Stock Options

The Company has a Stock Option Plan, which provides for the grant of incentive stock options for up to 5,385,000 (2006 – 3,648,950) common shares to employees, consultants, officers and directors of the company. Options are granted for a term of up to five years from the date of grant. Stock options granted generally vest over a period of eighteen months.

# AURAMEX RESOURCE CORP.

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

**DECEMBER 31, 2007 AND 2006**

### 8. SHARE CAPITAL (Continued)

#### d) Stock Options (Continued)

A summary of stock option activity for the years ended December 31, 2007 and 2006 is as follows:

	NUMBER OF OPTIONS	WEIGHTED AVERAGE EXERCISE PRICE
Balance, December 31, 2005	1,505,000	\$ 0.15
Granted	839,000	0.13
Balance, December 31, 2006	2,344,000	0.14
Granted	100,000	0.15
Exercised	(69,500)	0.13
Balance, December 31, 2007	2,374,500	\$ 0.14

The following table summarizes information about the stock options outstanding at December 31, 2007:

OPTIONS OUTSTANDING			OPTIONS EXERCISABLE	
EXERCISE PRICE	NUMBER OF SHARES	WEIGHTED AVERAGE REMAINING YEARS	NUMBER OF SHARES	EXERCISE PRICE
\$ 0.13	1,349,500	2.33	1,349,500	\$ 0.13
0.15	925,000	1.02	925,000	0.15
0.20	100,000	2.35	50,000	0.20
	2,374,500	1.82	2,324,500	

The fair value of the stock options was estimated on the grant date using the Black-Scholes option-pricing model and is amortized over the vesting period of the underlying options. The assumptions used to calculate the fair value are as follows:

	2007	2006
Risk free interest rate	3.8% - 4.6%	3.94%
Expected dividend yield	-	-
Expected life	3.5 - 5 years	5 years
Expected volatility	106% - 117%	134%

The weighted average fair value of the stock options granted during the year ended December 31, 2007 was \$0.08 (2006 - \$0.11).

# AURAMEX RESOURCE CORP.

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

DECEMBER 31, 2007 AND 2006

### 9. RELATED PARTY TRANSACTIONS

The following related party transactions were in the normal course of operations and measured at the exchange amount, which is the amount established and agreed to by the related parties. In addition to those related party transactions disclosed elsewhere in the financial statements the Company incurred the following transactions:

RELATED PARTY	TYPE OF TRANSACTION	2007	2006
Director and Officer	Consulting Fees	\$ 30,000	\$ 30,000
A business controlled by a Director	Legal fees in connection with private placements	\$ 20,227	\$ 37,263
	Legal fees	\$ 39,674	\$ 39,348
	Legal fees in connection with mineral property	\$ 5,288	4,767
Director	Geological Consulting	\$ 106,137	\$ 99,235
Director and Officer	Consulting fees	\$ 49,000	\$ 42,000
	Debt repayment	\$ 16,738	\$ -
A business Related to a Director	Investor relations	\$ 18,000	\$ 18,000

### 10. INCOME TAX

The Company's provision for income taxes differs from the amounts computed by applying the combined Canadian federal and provincial income tax rates to the loss as a result of the following:

	2007	2006
Statutory rates	34%	34%
Expected tax (recovery)	\$ (95,000)	\$ (223,000)
Share issue costs	(25,000)	(19,000)
Effect of change in tax rate	312,000	19,000
Non-deductible items	19,000	155,000
Tax benefit not recognized	(211,000)	(8,714)
Future income tax recovery	\$ -	\$ (76,714)

# AURAMEX RESOURCE CORP.

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

**DECEMBER 31, 2007 AND 2006**

### 10. INCOME TAX (Continued)

The tax effects of temporary timing differences that give rise to significant components of the future tax assets and future tax liabilities are as follows:

	2007	2006
<b>Future tax assets</b>		
Non-capital loss carry forward	\$ 394,000	\$ 494,000
Resource deductions and capital assets	581,000	864,000
Share issue costs	45,000	66,000
	1,020,000	1,424,000
Total gross future income tax assets	1,020,000	1,424,000
Less: Valuation allowance	(1,020,000)	(1,424,000)
	\$ -	\$ -
Net future income taxes	-	-

At December 31, 2007, the Company has non-capital losses of approximately \$1,516,000, (2006 - \$1,449,000) which may be carried forward to apply against future years' income for Canadian income tax purposes, subject to final determination by taxation authorities expiring as follows:

2009	30,000
2010	367,000
2014	374,000
2015	198,000
2026	252,000
2027	295,000
	\$ 1,516,000

In addition, as of December 31, 2007, the Company has Canadian resource related expenditures totaling approximately \$4,400,000 that can be carried forward indefinitely to offset future taxable income.

The Company issued flow-through shares for gross proceeds of \$300,000 (2006 - \$1,500,000). Under the flow-through share agreements, the Company agreed to renounce \$300,000 (2006 - \$1,500,000) to the investors.

Under EIC-146, the Company is required to record a provision at the time of the actual renunciation, by an increase in the share and warrant issue expenses relating to the flow-through shares, for the future income taxes related to the tax deductions the Company had foregone. The Company has estimated that the future income taxes recorded at the time of renunciation would be approximately \$93,000 (2006 - \$76,714). The 2006 flow-through share issuances was renounced during 2006. Consequently, the Company has recognized share and warrant issue expenses and an increase in future income tax liability of \$76,714 in 2006 (subsequent to December 31, 2007 - \$93,000).

The Company has future income tax assets of loss carryforwards and deductible temporary differences that it had not recognized in previous years as a result of applying the "more likely than not" test. The taxable temporary differences which arose through the issuance of the flow-through shares in 2007 and 2006 are expected to reverse, so that part of the unrecognized future income tax assets can be applied against the full taxable temporary differences. Accordingly, the Company has recognized that portion of its unrecognized future income tax assets by reversing a valuation allowance of \$76,714 in 2006 (subsequent to December 31, 2007 - \$93,000).

**AURAMEX RESOURCE CORP.**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**  
**DECEMBER 31, 2007 AND 2006**

**11. SUBSEQUENT EVENTS**

Subsequent to the year ended December 31, 2007, the Company:

- a) completed a non-brokered private placement of 3,000,000 units at a price of \$0.10 per unit. Each unit consists of one common share and one share purchase warrant to acquire one additional share at a price of \$0.10 per share for a period of two years, expiring March 12, 2010. Finders' fees of \$28,000 were paid in connection with the placement; and
- b) Issued 360,000 common shares upon exercise of warrants for proceeds of \$43,200.