

AURAMEX RESOURCE CORP.

CONSOLIDATED FINANCIAL STATEMENTS

DECEMBER 31, 2008 AND 2007

AUDITORS' REPORT

To the Shareholders of
Auramex Resources Corp.

We have audited the consolidated balance sheet of Auramex Resources Corp. as at December 31, 2008 and the consolidated statements of operations and deficit and cash flows for the year 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 audit.

We conducted our audit 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, 2008 and the results of its operations and its cash flows for the year then ended in accordance with Canadian generally accepted accounting principles.

The audited financial statements at December 31, 2007 and for the year then ended were examined by other auditors who expressed an opinion without reservation on those statements in their report dated April 24, 2008.

“DAVIDSON & COMPANY LLP”

Vancouver, Canada

Chartered Accountants

April 27, 2009



AURAMEX RESOURCE CORP.

CONSOLIDATED STATEMENTS OF OPERATIONS AND DEFICIT

| | YEARS ENDED DECEMBER 31 | |
|---|----------------------------|-----------------------|
| | 2008 | 2007 |
| Expenses | | |
| Amortization | \$ 1,644 | \$ 1,873 |
| Bank charges, interest and penalties | 28,157 | - |
| Currency exchange loss (gain) | (413) | 17,057 |
| Investor relations | 19,500 | 22,575 |
| Management consulting fees | 89,307 | 85,339 |
| Marketing | 8,536 | 23,416 |
| Office and sundry | 5,702 | 11,293 |
| Professional fees | 79,003 | 63,424 |
| Shareholders communications | 5,371 | 7,959 |
| Stock-based compensation | 158 | 56,248 |
| Transfer agent and filing fees | 18,862 | 27,753 |
| Travel | 5,718 | 10,975 |
| | | |
| Loss Before The Following | (261,545) | (327,912) |
| Interest Income | 182 | 2,562 |
| Other income | - | 47,000 |
| Write-off of mineral property | (967,797) | - |
| | | |
| Loss Before Income Tax | (1,229,160) | (278,350) |
| Future Income Tax Recovery | 93,000 | - |
| | | |
| Loss For The Year | (1,136,160) | (278,350) |
| Deficit, Beginning Of Year | (8,242,495) | (7,964,145) |
| | | |
| Deficit, End Of Year | \$ (9,378,655) | \$ (8,242,495) |
| | | |
| Loss Per Share - Basic and diluted | \$ (0.03) | \$ (0.01) |
| | | |
| Weighted Average Number Of Common Shares | | |
| Outstanding - Basic and diluted | 35,116,580 | 26,650,505 |
| | | |

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

AURAMEX RESOURCE CORP.

CONSOLIDATED STATEMENTS OF CASH FLOWS

| | YEARS ENDED DECEMBER 31 | |
|---|----------------------------|-------------------|
| | 2008 | 2007 |
| Operating Activities | | |
| Loss for the year | \$ (1,136,160) | \$ (278,350) |
| Items not involving cash: | | |
| Write-off of mineral property | 967,797 | - |
| Future income tax recovery | (93,000) | - |
| Stock-based compensation | 158 | 56,248 |
| Amortization | 1,644 | 1,873 |
| Accrued interest on reclamation deposits | 25 | (7) |
| Changes in non-cash working capital items | | |
| Taxes recoverable | (13,064) | (7,670) |
| Prepaid expenses | 1,583 | (3,492) |
| Accounts payable and accrued liabilities | 101,230 | (81,554) |
| | (169,787) | (312,952) |
| Investing Activities | | |
| Mineral exploration property expenditures | (377,173) | (1,066,588) |
| Recovery of reclamation deposit | 2,000 | - |
| Acquisition of equipment | - | (3,920) |
| | (375,173) | (1,070,508) |
| Financing Activities | | |
| Shares issued for cash | 458,200 | 1,632,035 |
| Share subscriptions received | 31,000 | - |
| Share issuance costs | (44,224) | (110,362) |
| | 444,976 | 1,443,028 |
| Increase (Decrease) in Cash | (99,984) | 59,568 |
| Cash, Beginning of Year | 116,644 | 57,076 |
| Cash, End of Year | \$ 16,660 | \$ 116,644 |
| Supplemental Disclosure of Non-Cash Investing and Financing Activities | | |
| Shares issued as consideration for interest in mineral property | \$ 25,100 | \$ 95,395 |
| Account payable included in mineral property expenditures | 13,433 | 15,738 |
| Supplemental Disclosure of Cash Flows | | |
| Interest paid | \$ - | \$ - |
| Income taxes paid | - | - |

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

AURAMEX RESOURCE CORP.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

DECEMBER 31, 2008 AND 2007

1. NATURE OF OPERATIONS AND GOING CONCERN

Auramex Resource Corp. ("Auramex" or "the Company") is a Canadian company incorporated in the province of British Columbia and trades on the TSX Venture Exchange. The Company is currently active in the acquisition, exploration and development of mineral properties.

The Company is developing its mineral properties and has not yet determined whether the reserves of its properties are economically recoverable. The recoverability of the amounts shown for mineral properties are dependent upon the existence of economically recoverable reserves, the ability of the Company to obtain necessary financing to complete the development of those reserves and upon future profitable production.

These consolidated financial statements have been prepared in accordance with Canadian generally accepted accounting principles assuming the Company will continue on a going-concern basis. The Company has incurred losses since inception and the ability of the Company to continue as a going-concern depends upon its ability to develop profitable operations and to continue to raise adequate financing. Management is actively targeting sources of additional financing which would assure continuation of the Company's operations and exploration programs. In order for the Company to meet its liabilities as they come due and to continue its operations, the Company is solely dependent upon its ability to generate such financing.

There can be no assurance that the Company will be able to continue to raise funds in which case the Company may be unable to meet its obligations. Should the Company be unable to realize on its assets and discharge its liabilities in the normal course of business, the net realizable value of its assets may be materially less than the amounts recorded on the balance sheets. The financial statements do not include adjustments to amounts and classifications of assets and liabilities that might be necessary should the Company be unable to continue operations.

The current market conditions and volatility increase the uncertainty of the Company's ability to continue as a going concern given the need to both curtail expenditures and to raise additional funds. The Company is experiencing, and has experienced, negative operating cash flows. The Company will continue to search for new or alternate sources of financing but anticipates that the current market conditions may impact the ability to source such funds.

| | 2008 | 2007 |
|------------------------------|-------------|-------------|
| Working capital (deficiency) | \$ (99,551) | \$ 87,877 |
| Deficit | (9,378,655) | (8,242,495) |

2. SIGNIFICANT ACCOUNTING POLICIES

These financial statements have been prepared in accordance with Canadian generally accepted accounting principles.

AURAMEX RESOURCE CORP.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

DECEMBER 31, 2008 AND 2007

2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

a) Principles 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, 2008 and 2007, the Company does not have any cash equivalents.

c) Equipment

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

| | |
|-------------------------------|-----|
| Exploration equipment | 30% |
| Computer and office equipment | 30% |

d) Mineral Exploration 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.

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 may not reflect present or future values of mineral 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.

AURAMEX RESOURCE CORP.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

DECEMBER 31, 2008 AND 2007

2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

e) Asset Retirement Obligations

The Company follows the recommendations of 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, 2008 and 2007, the Company does not have any asset retirement obligations.

f) Long-lived Assets Impairment

A long-lived asset is tested for recoverability whenever events or changes in circumstances indicate that its carrying amount may not be recoverable. An impairment loss is recognized when the carrying amount of a long-lived asset exceeds its fair value. For purposes of recognition and measurement of an impairment loss, a long-lived asset is grouped with other assets and liabilities to form an asset group at the lowest level for which identifiable cash flows are largely independent of the cash flows of other assets and liabilities. Estimates of future cash flows used to test recoverability of a long-lived asset include only the future cash flows that are directly associated with, and that are expected to arise as a direct result of, its use and eventual disposition.

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.

AURAMEX RESOURCE CORP.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

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2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

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, a portion of the future income tax assets that were not recognized in previous years due to the recoding of a valuation allowance will be recognized as a recovery of future income taxes in the recording statement of operations. 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 year. Diluted loss per share for the years presented is not disclosed, as the effect of conversion of outstanding options and warrants is anti-dilutive.

k) Foreign currency transactions

The Company's subsidiary is an integrated foreign operation and is translated into Canadian dollars using the temporal method. Monetary items are translated at the exchange rate in effect at the balance sheet date and non-monetary items are translated at historical exchange rates. Income and expense items are translated at the exchange rates approximating those in effect on the date of the transactions. Translation gains and losses are reflected in the statement of operations for the year.

AURAMEX RESOURCE CORP.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

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2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

l) Income Tax

Future income taxes are recorded using the asset and liability method. Under the asset and liability method, future tax assets and liabilities are recognized for the future tax consequences attributable to differences between the financial statement carrying amounts of existing assets and liabilities and their respective tax bases. Future tax assets and liabilities are measured using the enacted or substantively enacted tax rates expected to apply when the asset is realized or the liability settled. The effect on future tax assets and liabilities of a change in tax rates is recognized in income in the period that substantive enactment or enactment occurs. To the extent that the Company does not consider it more likely than not that a future tax asset will be recovered, it provides a valuation allowance against the excess.

m) Financial Instruments

All financial instruments are classified into one of five categories: held-for-trading, held-to-maturity investments, loans and receivables, available-for-sale financial assets or other financial liabilities. All financial instruments and derivatives are measured in the balance sheet either at fair value except for loans and receivables, held-to maturity investments and other financial liabilities which are measured at amortized cost. Subsequent measurement and changes in fair value will depend on their initial classification. Held-for-trading financial assets are measured at fair value and changes in fair value are recognized in net income. Available-for-sale financial instruments are measured at fair value with changes in fair value recorded in other comprehensive income until the instrument is derecognized or impaired.

The Company has classified its cash as held-for-trading. Taxes recoverable are classified as loans and receivables, and accounts payable and accrued liabilities are classified as other liabilities, which are measured at amortized cost.

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 the impairment of assets, resource property carrying values, and the determination of fair value for stock-based compensation. Due to the inherent uncertainty involved with making such estimates, actual results reported in future years could differ from these estimates.

o) Comparative figures

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

AURAMEX RESOURCE CORP.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2008 AND 2007

2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Changes in Accounting Policy

Effective January 1, 2008, the Company adopted the following new standards issued by the CICA.

Capital Disclosures (Section 1535)

This standard establishes standards for the disclosure of (i) an entity's objectives, policies and processes for managing capital; (ii) quantitative data about what the entity regards as capital; (iii) whether the entity has complied with any capital requirements and (iv) if it has not complied, the consequences of such non-compliance. The new disclosure is provided in Note 9.

Financial Instruments – Disclosures (Section 3862) and Financial Instruments – Presentation (Section 3863)

These two standards replace the current standard "*Financial Instruments –Disclosure and Presentation*" (Section 3861), 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. The new disclosures are provided in Note 10.

General Standards of Financial Statement Presentation (Section 1400)

In June 2007, the CICA issued amendments to Section 1400, "General Standards of Financial Statement - Presentation" to include requirements to assess and disclose an entity's ability to continue as a going concern. The amendments are effective for interim and annual financial statements beginning on or after January 1, 2008. The Company has applied the new amendments at the beginning of its fiscal year. The implementation did not have a significant impact on the Company's results of operations, or financial position. The new disclosure is provided in Note 1.

Future Accounting Changes

Goodwill and intangible assets (Section 3064)

In February 2008, the CICA issued Section 3064, "Goodwill and Intangible Assets", which replaces Section 3062, "Goodwill and Other Intangible Assets". This new standards provides guidance on the recognition, measurement, presentation and disclosure of goodwill and intangible assets. Concurrent with the adoption of this standard, EIC 27, "Revenue and Expenditures in the Pre-operating Period", will be withdrawn. The Company does not expect the adoption of this section to have a significant effect on its financial statements. This section will be adopted effective January 1, 2009.

AURAMEX RESOURCE CORP.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

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2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Business combinations (Section 1582)

In January 2009, the CICA issued Section 1582 "Business Combinations" to replace Section 1581. Prospective application of the standard is effect January 1, 2011, with early adoption permitted. This new standard effectively harmonizes the business combinations standard under Canadian GAAP with International Financial Reporting Standards. The new standard revises guidance on the determination of the carrying amount of the assets acquired and liabilities assumed, goodwill and accounting for non-controlling interests at the time of a business combination. The Company does not expect the adoption of this section to have a significant effect on its financial statements.

Consolidated Financial Statements (Section 1601) and Non-Controlling Interests (Section 1602)

The CICA concurrently issued Section 1601 "Consolidated Financial Statements" and Section 1602 "Non-Controlling Interests" which replace Section 1600 "Consolidated Financial Statements." Section 1601 provides revised guidance on the preparation of consolidated financial statements and Section 1602 addresses accounting for non-controlling interests in consolidated financial statements subsequent to a business combination. These standards are effective January 1, 2011, unless they are early adopted at the same time as Section 1582 "Business Combinations." The Company does not expect the adoption of this section to have a significant effect on its financial statements.

Credit Risk and the Fair Value of Financial Assets and Liabilities (EIC-173)

In January 2009, the Emerging Issues Committee ("EIC") issued EIC -173 "Credit Risk and the Fair Value of Financial Assets and Financial Liabilities." This abstract requires companies to take counterparty credit risk into account when measuring the fair value of financial assets and liabilities, including derivatives. This new standards is effective for the Company's interim and annual consolidated financial statements commencing January 1, 2009. The Company does not expect that the adoption of this standard will have a material impact on its financial statements.

Mining Exploration Costs (EIC-174)

On March 27, 2009, the CICA approved EIC-174 "Mining Exploration Costs." This guidance clarified that an entity that has initially capitalized exploration costs has an obligation in the current and subsequent accounting periods to test such costs for recoverability whenever events or changes in circumstances indicate that its carrying amount may not be recoverable.

This standard will be effective for the Company beginning April 1, 2009. The Company does not expect that the adoption of this standard will have a material impact on its financial statements.

AURAMEX RESOURCE CORP.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

DECEMBER 31, 2008 AND 2007

2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

International financial reporting standards ("IFRS")

In 2006, the AcSB published a new strategic plan that will significantly affect financial reporting requirements for Canadian companies. The AcSB strategic plan outlines the convergence of Canadian GAAP with IFRS over an expected five year transitional period. In February 2008 the AcSB announced that 2011 is the changeover date for publicly listed companies to use IFRS, replacing Canada's own GAAP. The date is for interim and annual financial statements relating to fiscal years beginning on or after January 1, 2011. The transition date of January 1, 2011 will require the restatement for comparative purposes of amounts reported by the Company for the year ended December 31, 2010. While the Company has begun assessing the adoption of IFRS for 2011, the financial reporting impact of the transition to IFRS cannot be reasonably estimated at this time.

3. RECLAMATION DEPOSITS

As at December 31, 2008, the Company had reclamation deposits with the province of British Columbia totalling \$5,045 (2007 - \$7,070) with respect to the Brandywine and Summit/Oldtimer properties. A reclamation deposit of \$2,000 relating to the Summit/Oldtimer property was refunded during the year ended December 31, 2008.

4. EQUIPMENT

| | 2008 | | |
|-------------------------------|------------------|-----------------------------|-------------------|
| | COST | ACCUMULATED AMORTIZATION | NET BOOK VALUE |
| Computer and office equipment | \$ 6,030 | \$ 4,616 | \$ 1,414 |
| Exploration equipment | 5,143 | 2,719 | 2,424 |
| | <u>\$ 11,173</u> | <u>\$ 7,335</u> | <u>\$ 3,838</u> |
| | 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 |
| | <u>\$ 11,173</u> | <u>\$ 5,691</u> | <u>\$ 5,482</u> |

AURAMEX RESOURCE CORP.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

DECEMBER 31, 2008 AND 2007

5. MINERAL EXPLORATION PROPERTIES

| | 2008 | | | | | |
|---|------------------------|---------------------|---------------------------|---------------------------|-------------------|---------------------|
| | BRANDYWINE PROPERTY | MAGENTA PROPERTY | LA PERLA II CONCESSION | BEAR RIVER PROPERTY | GRACIAS A DIOS | TOTAL |
| Acquisition Costs | | | | | | |
| Balance, beginning of year | \$ 40,066 | \$ 92,763 | \$ 4,559 | \$ 99,774 | \$ 192,185 | \$ 429,347 |
| Additions | - | 1,964 | - | 24,655 | - | 26,619 |
| Write-off of acquisition costs | | | | | (192,185) | (192,185) |
| Balance, end of year | 40,066 | 94,727 | 4,559 | 124,429 | - | 263,781 |
| Deferred Exploration | | | | | | |
| Balance, beginning of year | 47,575 | 693,964 | 15,678 | 510,787 | 514,954 | 1,782,958 |
| Geological, mapping and field expenses | 5,561 | 66,948 | - | 19,567 | 249,473 | 341,549 |
| Permits, taxes and assessment fees | 1,095 | 19,347 | 2,369 | 8,701 | 288 | 31,800 |
| Write-off of deferred exploration costs | | | | (10,897) | (764,715) | (775,612) |
| Balance, end of year | 54,231 | 780,259 | 18,047 | 528,158 | - | 1,380,695 |
| Total | \$ 94,297 | \$ 874,986 | \$ 22,606 | \$ 652,587 | \$ - | \$ 1,644,476 |
| | 2007 | | | | | |
| | 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 |
| 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 |

Brandywine Property, British Columbia

The Company holds a 100% interest, subject to a net smelter returns royalty of 0.5% with minimum annual royalty payments of \$50,000 following commencement of commercial production, located in the Vancouver Mining Division of British Columbia.

AURAMEX RESOURCE CORP.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
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5. MINERAL EXPLORATION PROPERTIES (Continued)

Magenta Property, Mexico

a) El Fierro Concession

The Company, through its Mexican subsidiary, Exploración Auramex S.A. de C.V., entered into an option agreement to acquire an 85% interest in the El Fierro concession, an exploration concession located in Culiacan, Sinaloa State, Mexico, by the payment of back taxes of \$8,810, 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. During 2008, the Company issued 25,000 common shares to acquire a one year extension to the option, such that the work had to be completed by January 1, 2009. The Company considers that the 85% interest has been earned, but formal completion of the acquisition is not yet completed.

b) Magenta Property

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

c) Ana Concession

The Company through its Mexican subsidiary has purchased a 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.

La Perla II Concession, Mexico

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

Bear River Property, British Columbia

The Bear River property is located in the Skeena Mining Division, British Columbia. Two mineral tenures 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 various option agreements. The Company is required to issue a further 50,000 common shares to an option or of one of the option agreements on or before November 22, 2009.

Certain claims are subject to a net smelter royalty ranging from 1% - 2%.

AURAMEX RESOURCE CORP.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

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5. MINERAL EXPLORATION PROPERTIES (Continued)

Gracias a Dios (El Escobal), Mexico

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, located in Mexico. Under the agreement the Company had the right to acquire a 100% interest in these concessions through payments of US \$100,000 after one year and \$300,000 after two years and issuing common shares with the equivalent in fair value to US \$50,000 upon Exchange approval (issued). The Company terminated the options effective December 18, 2008 and accordingly all related costs were written off to operations.

6. SHARE CAPITAL

a) Authorized Unlimited number of common shares without par value

b) Issued

| | NUMBER OF SHARES | AMOUNT | CONTRIBUTED SURPLUS |
|--|---------------------|------------|------------------------|
| 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 |
| | | - | |
| Balance, December 31, 2007 | 31,622,249 | 9,978,664 | 576,565 |
| Shares issued for cash – private placement | 4,150,000 | 415,000 | - |
| Shares issued upon exercise of warrants | 360,000 | 43,200 | - |
| Shares issued on acquisition of mineral property | 195,000 | 25,100 | - |
| Tax effect of renunciation of exploration expenditures | - | (93,000) | - |
| Share issuance costs | - | (44,224) | - |
| Fair value of stock options | - | - | 158 |
| | | | |
| Balance, December 2008 | 36,327,249 | 10,324,740 | 576,723 |

In July 2008, the Company completed a private placement of 1,150,000 units at \$0.10 per unit. Each unit consists of one common share and one share purchase warrant. Each share purchase warrant entitles the holder to purchase one common share at a price of \$0.10 per share until July 8, 2010. The Company paid finders' fees of \$6,000 in connection with this transaction.

In March 2008, the Company completed a private placement of 3,000,000 units at \$0.10 per unit. Each unit consists of one common share and one share purchase warrant. Each share purchase warrant entitles the holder to purchase one common share at a price of \$0.10 per share until March 11, 2010. The Company paid finders' fees of \$28,000 in connection with this transaction.

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6. SHARE CAPITAL (Continued)

b) Issued (Continued)

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 until 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 until 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 until 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 until 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 until January 16, 2009. The Company paid finders' fees of \$23,040 in connection with this transaction.

During the year ended December 31, 2008, the Company also incurred legal fees associated with the private placements of \$10,224 (2007 – \$20,227), which have been charged against share capital.

AURAMEX RESOURCE CORP.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

DECEMBER 31, 2008 AND 2007

6. SHARE CAPITAL (Continued)

c) Share Purchase Warrants

As at December 31, 2008, the Company has the following share purchase warrants outstanding:

| EXERCISE PRICE | NUMBER OUTSTANDING | WEIGHTED AVERAGE REMAINING YEARS | EXPIRY DATE |
|-------------------|-----------------------|---|----------------|
| \$ 0.15 | 2,500,000 | 0.04 | 16 Jan 09 |
| \$ 0.25 | 1,000,000 | 0.19 | 12 Mar 09 |
| \$ 0.15 | 2,000,000 | 0.54 | 17 Jul 09 |
| \$ 0.15 | 2,500,000 | 0.68 | 6 Sept 09 |
| \$ 0.20 | 2,000,000 | 0.68 | 6 Sept 09 |
| \$ 0.10 | 3,000,000 | 1.19 | 11 Mar 10 |
| \$ 0.10 | 1,150,000 | 1.525 | 8 Jul 10 |
| | <u>14,150,000</u> | <u>0.69</u> | |

A summary of share purchase warrant activity for the years ended December 31, 2008 and 2007 is as follows:

| | SHARES | WEIGHTED AVERAGE EXERCISE PRICE |
|----------------------------|-------------------|--|
| Balance, December 31, 2006 | 7,400,000 | \$ 0.14 |
| Granted | 10,000,000 | 0.17 |
| Exercised | (1,950,000) | |
| Expired | (700,000) | 0.19 |
| Balance, December 31, 2007 | 14,750,000 | 0.16 |
| Granted | 4,150,000 | 0.10 |
| Exercised | (360,000) | |
| Expired | (4,390,000) | |
| Balance, December 31, 2008 | <u>14,150,000</u> | <u>\$ 0.16</u> |

d) Stock Options

The Company has a Stock Option Plan, which provides for the grant of incentive stock options for up to 7,260,450 (2007 – 5,385,000) 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, 2008 AND 2007

6. SHARE CAPITAL (Continued)

d) Stock Options (Continued)

A summary of stock option activity for the years ended December 31, 2008 and 2007 is as follows:

| | NUMBER OF OPTIONS | WEIGHTED AVERAGE EXERCISE PRICE |
|----------------------------|-------------------------|--|
| 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 |
| Cancelled | (100,000) | 0.13 |
| Expired | (1,205,000) | 0.14 |
| Balance, December 31, 2008 | 1,069,500 | \$ 0.14 |

The following table summarizes information about the stock options outstanding at December 31, 2008:

| OPTIONS OUTSTANDING | | | OPTIONS EXERCISABLE | |
|---------------------|------------------------|---|------------------------|-------------------|
| EXERCISE PRICE | NUMBER OF SHARES | WEIGHTED AVERAGE REMAINING YEARS | NUMBER OF SHARES | EXERCISE PRICE |
| \$ 0.13 | 969,500 | 1.20 | 969,500 | \$ 0.13 |
| 0.20 | 100,000 | 1.35 | 100,000 | 0.20 |
| | 1,069,500 | | 1,069,500 | |

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:

| | 2008 | 2007 |
|-------------------------|------|---------------|
| Risk free interest rate | n/a | 3.8% - 4.6% |
| Expected dividend yield | n/a | - |
| Expected life | n/a | 3.5 - 5 years |
| Expected volatility | n/a | 106% - 117% |

AURAMEX RESOURCE CORP.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

DECEMBER 31, 2008 AND 2007

6. SHARE CAPITAL (Continued)

d) Stock Options (Continued)

The weighted average fair value of the stock options granted during the year ended December 31, 2008 was Nil (2007 - \$0.08).

7. 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 | 2008 | 2007 |
|-------------------------------------|-----------------------|-----------|------------|
| Director and Officer | Consulting Fees | \$ 30,000 | \$ 30,000 |
| A Business controlled by a Director | Share issuance costs | \$ 10,702 | \$ 37,263 |
| | Professional fees | 23,900 | 39,674 |
| | Professional fees | 1,848 | 5,288 |
| Director | Geological Consulting | \$ 27,278 | \$ 106,137 |
| Director and Officer | Consulting fees | \$ 54,000 | \$ 49,000 |
| | Costs reimbursements | 5,334 | 16,738 |
| A Business Related to a Director | Investor relations | \$ 18,000 | \$ 18,000 |

At December 31, 2008, accounts payable and accrued liabilities includes \$85,308 (2007 - \$23,801) due to directors of the Company or to businesses with directors or associated parties in common with the Company.

AURAMEX RESOURCE CORP.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

DECEMBER 31, 2008 AND 2007

8. 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:

| | 2008 | 2007 |
|---|----------------|--------------|
| Loss before income taxes | \$ (1,229,160) | \$ (278,350) |
| Expected tax recovery | \$ (381,000) | \$ (95,000) |
| Share issue costs | (26,900) | (25,000) |
| Non-deductible items | 300,600 | 19,100 |
| Unrecognized benefits of non-capital losses | (14,300) | 100,900 |
| Total income tax recovery | \$ 93,000 | \$ - |

b) Details of future income tax assets are as follows:

| | 2008 | 2007 |
|--------------------------------|-----------|-------------|
| Future tax assets: | | |
| Equipment | \$ 1,900 | \$ 1,900 |
| Mineral exploration properties | 453,000 | 763,000 |
| Share issuance costs | 55,000 | 59,000 |
| Non-capital loss carryforwards | 476,000 | 517,000 |
| | 985,900 | 1,340,900 |
| Valuation allowance | (985,900) | (1,340,900) |
| Net future tax assets | \$ - | \$ - |

During the year ended December 31, 2007, the Company issued 2,000,000 common shares on a flow-through basis for gross proceeds of \$300,000 which was renounced during the year ended December 31, 2008. The flow-through agreement requires the Company to expend the \$300,000 by December 31, 2009 on Canadian exploration expenditures incurred on the Company's mineral property interests. Future income taxes of \$93,000 on the exploration expenditures to be renounced to shareholders were applied against capital stock.

The Company has non-capital losses of approximately \$1,832,000 which may be carried forward and applied against taxable income in future years. These losses, if unutilized, will expire through to 2028. Subject to certain restrictions, the Company has further resource development and exploration expenditures available to reduce taxable income of future years. The future income tax benefits of these losses, resource deductions and other tax assets have not been reflected in these financial statements and have been offset by a valuation allowance.

AURAMEX RESOURCE CORP.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

DECEMBER 31, 2008 AND 2007

9. CAPITAL DISCLOSURES

The Company manages its capital structure and makes adjustments to it, based on the funds available to the Company, in order to support the acquisition, exploration and development of resource properties. The Board of Directors does not establish quantitative return on capital criteria for management, but rather relies on the expertise of the Company's management to sustain future development of the business.

Management reviews its capital management approach on an ongoing basis and believes that this approach, given the relative size of the Company, is reasonable.

There were no changes in the Company's approach to capital management during the year ended December 31, 2008. The Company is not subject to externally imposed capital requirements.

10. FINANCIAL INSTRUMENTS

The Company's risk exposures and the impact on the Company's financial instruments are summarized below:

Credit risk

Credit risk is the risk of loss associated with counterparty's inability to fulfill its payment obligations. The Company's believes it has no significant credit risk.

Liquidity risk

The Company's approach to managing liquidity risk is to ensure that it will have sufficient liquidity to meet liabilities when due. As at December 31, 2008, the Company had a cash balance of \$16,660 (2007 - \$116,644) to settle current liabilities of \$146,852 (2007 - \$47,927). All of the Company's financial liabilities have contracted maturities of less than 30 days and are subject to normal trade. The Company expects to fund these liabilities through the issuance of capital stock and loans from related parties over the coming year.

Market risk

Market risk is the risk of loss that may arise from changes in market factors such as interest rates, foreign exchange rates, and commodity and equity prices.

a) Interest rate risk

The Company has cash balances and no interest-bearing debt. The Company's current policy is to invest excess cash in investment-grade short-term deposit certificates issued by its banking institutions. The Company periodically monitors the investments it makes and is satisfied with the credit ratings of its banks. As of December 31, 2008, the Company did not have any investments invested in investment-grade short-term deposit certificates.

AURAMEX RESOURCE CORP.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

DECEMBER 31, 2008 AND 2007

10. FINANCIAL INSTRUMENTS (Continued)

Market risk (Continued)

b) Foreign currency risk

Foreign currency risk is the risk that variation in exchange rates between the Canadian dollar and the Mexican Peso will affect the Company's operating and financial results. The Company does not have any balances denominated in a foreign currency.

c) Price risk

The Company is exposed to price risk with respect to commodity and equity prices. Equity price risk is defined as the potential adverse impact on the Company's earnings due to movements in individual equity prices or general movements in the level of the stock market. Commodity price risk is defined as the potential adverse impact on earnings and economic value due to commodity price movements and volatilities. The Company closely monitors commodity, individual equity movements, and the stock market to determine the appropriate course of action to be taken by the Company.

11. SUBSEQUENT EVENT

Subsequent to December 31, 2008, the Company filed flow-through share renunciation reductions of \$154,404. T101 information slips due to the reduction were sent to the investors February 28, 2009. A revised T101c and Part X11.6 tax calculation was submitted to Canada Revenue Agency at the same date. The reduction became necessary when the Company was unable to raise sufficient capital for administrative costs, and so was unable to conduct the eligible Canadian Exploration Expenditures.