

AURAMEX RESOURCE CORP.

**CONSOLIDATED
INTERIM FINANCIAL STATEMENTS
(UNAUDITED-PREPARED BY MANAGEMENT)**

JUNE 30, 2006

REVIEW OF INTERIM FINANCIAL STATEMENTS

Under National Instrument 51-102, Part 4, subsection 4.3(3)(a), if an auditor has not performed a review of the interim financial statements, they must be accompanied by a notice indicating that the financial statements have not been reviewed by an auditor.

The accompanying unaudited interim financial statements of the Company have been prepared by and are the responsibility of the Company's management.

The Company's independent auditor has not performed a review of these financial statements in accordance with standards established by the Canadian Institute of Chartered Accountants for a review of interim financial statements by an entity's auditor.

AURAMEX RESOURCE CORP.

CONSOLIDATED INTERIM BALANCE SHEETS

(Unaudited – Prepared by Management)

	June 30 2006	December 31 2005
ASSETS		
Current		
Cash and cash equivalents	\$ 120,233	\$ 116,165
Amounts receivable	5,702	3,925
	<u>125,935</u>	<u>120,090</u>
Reclamation Deposits (Note 3)	7,035	7,044
Equipment	5,038	5,001
Interests In Mineral Properties (Note 4)	1,157,516	935,298
Other Assets	1,750	23,800
	<u>\$ 1,297,274</u>	<u>\$ 1,091,233</u>
LIABILITIES		
Current		
Accounts payable and accrued liabilities	\$ 24,481	\$ 48,690
	<u>24,481</u>	<u>48,690</u>
Due To Related Parties (Note 5)	89,345	134,979
	<u>113,826</u>	<u>183,669</u>
STOCKHOLDERS' EQUITY		
Capital Stock (Note 6)	8,236,983	7,727,502
Share Subscriptions Received	-	128,000
Contributed Surplus	438,913	438,913
Deficit	(7,492,448)	(7,386,851)
	<u>1,183,448</u>	<u>907,564</u>
	<u>\$ 1,297,274</u>	<u>1,091,233</u>

Subsequent Events (Note 8)

Approved on Behalf of the Board:

“Heather Conley”
Director

“Judie Whitby”
Director

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

AURAMEX RESOURCE CORP.

CONSOLIDATED INTERIM STATEMENTS OF OPERATIONS AND DEFICIT

(Unaudited – Prepared by Management)

	Three month period ended		Cumulative six month period ended	
	June 30, 2006	June 30, 2005	June 30, 2006	June 30, 2005
Expenses				
Audit and related services	\$ 5,990	\$ 2,300	\$ 7,580	\$ 3,500
Accounting	247	-	5,077	-
Bank charges and interest	517	5,625	1,002	6,651
Entertainment and promotion	935	143	935	143
Investor relations	4,500	4,500	9,000	9,000
Legal fees	9,887	17,345	28,075	23,364
Management consulting fees	18,000	18,000	36,000	36,000
Marketing	-	1,661	570	1,661
Office	64	865	586	1,122
Property investigation	-	-	40	-
Shareholders communications	1,050	5,399	1,538	5,727
Telephone	494	362	756	1,148
Transfer agent and filing fees	5,437	6,600	13,700	9,824
Travel	764	1,739	779	1,739
Loss before the following	(47,885)	(64,539)	(105,638)	(99,879)
Interest Income	11	1,712	41	2,870
Loss before Income Tax	(47,874)	(62,827)	(105,597)	(97,009)
Future income tax				106,860
Loss for period	(47,874)	(62,827)	(105,597)	9,851
Deficit, beginning of period	(7,444,575)	(7,072,748)	(7,386,851)	(7,145,425)
Deficit, end of period	\$ (7,492,448)	\$ (7,135,575)	(7,492,448)	\$ (7,135,575)
Earnings (loss) per share – basic	\$ (0.003)	\$ (0.005)	(0.007)	\$ 0.000
Earnings per share – fully diluted	\$ n/a	\$ n/a	\$ n/a	\$ 0.000
Weighted average number of shares used in the calculation of basic earnings(loss) per share	16,816,178	11,178,106	15,651,777	11,106,116
Weighted average number of shares used in the calculation of fully diluted earnings per share	n/a	n/a	n/a	17,736,514

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

AURAMEX RESOURCE CORP.

CONSOLIDATED INTERIM STATEMENTS OF CASH FLOWS

(Unaudited – Prepared by Management)

	Three month period Ended		Cumulative six month period ended	
	June 30, 2006	June 30, 2005	June 30, 2006	June 30, 2005
Cash flows from operating activities				
Net income/(loss)	\$ (47,874)	\$ (62,827)	\$ (105,597)	\$ 9,851
Items not involving cash				
Shares issued for other than cash			7,500	
Recovery of future income tax				(106,860)
	(47,874)	(62,827)	(98,097)	(97,009)
Changes in operating assets and liabilities				
Accounts receivable	1,844	(7,182)	(1,777)	(3,909)
Prepaid expenses	875	(1,077)	(1,750)	(3,215)
Accounts payable and accrued liabilities	3,338	48,544	(24,210)	(28,288)
	(41,817)	(22,542)	(125,834)	(132,421)
Cash flows from investing activities				
Acquisition costs – Mineral claims	(699)	(2,831)	(16,221)	(6,117)
Exploration expenditure	(109,967)	(111,382)	(205,997)	(122,536)
Reclamation deposit	13	45	9	45
Other		(3,276)	23,763	(3,276)
	(110,653)	(117,444)	(198,446)	(131,884)
Cash flows from financing activities				
Repayment of long term debt	(12,840)	(44,836)	(45,634)	(44,836)
Share subscriptions received	(42,000)	-	(128,000)	
Shareholder loan subscriptions received	-			
Shares issued for cash	270,000	134,660	570,000	332,410
Share issuance costs	(17,164)	(22,337)	(68,018)	(24,418)
	197,996	67,487	328,348	263,156
Increase (decrease) in cash	45,526	(72,499)	4,068	(1,149)
Cash, beginning of period	74,707	453,601	116,165	382,251
Cash, end of period	\$ 120,233	\$ 381,102	\$ 120,233	\$ 381,102
Supplemental Disclosure of Cash Flow Information				
Interest received	\$ 11	\$ 1,158	\$ 41	\$ 2,870
Interest paid	\$ -	\$ 645	\$ -	\$ 1,176
Supplemental Disclosure of Non-Cash Investing and Financing Activities				
Shares issued as consideration for interest in mineral property	\$ -	\$ -	\$ 7,500	\$ -

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

AURAMEX RESOURCE CORP.

NOTES TO INTERIM CONSOLIDATED FINANCIAL STATEMENTS (Unaudited – Prepared by Management)

JUNE 30, 2006

1. CONTINUING OPERATIONS

The financial statements for the quarter ended June 30, 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 4) 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.

c) Equipment

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

Exploration equipment	30%
Computer and office equipment	30%
Computer software	100%

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 INTERIM CONSOLIDATED FINANCIAL STATEMENTS (Unaudited – Prepared by Management)

JUNE 30, 2006

2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

d) Interests in Mineral Properties (Continued)

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.

e) 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.

f) 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.

g) 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 annual operating results.

h) 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, amounts receivable, accounts payable and accrued liabilities, loans payable, and amounts due to related parties. Their fair values approximate carrying values, since they are short term in nature and are receivable or payable on demand.

AURAMEX RESOURCE CORP.

NOTES TO INTERIM CONSOLIDATED FINANCIAL STATEMENTS (Unaudited – Prepared by Management)

JUNE 30, 2006

2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

i) 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 or impairment of deferred mineral property costs and reclamation obligations. Financial results as determined by actual events could differ from those estimates.

3. RECLAMATION DEPOSITS

As at June 30, 2006 the company had reclamation deposits with the province of British Columbia totaling \$7,034 (2005 - \$7,044) with regard to the Brandywine and Summit/Oldtimer properties.

4. INTERESTS IN MINERAL PROPERTIES

Brandywine Property

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, 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.

Magenta Property

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 consisting of 733 hectares 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.

b) Magenta concessions

The Company, through its Mexican subsidiary, Exploración Auramex S.A. de C.V., has acquired by staking, 4,898 hectares located in Culiacan, Sinaloa State, Mexico. The staked ground encompasses the El Fierro exploration concession.

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NOTES TO INTERIM CONSOLIDATED FINANCIAL STATEMENTS (Unaudited – Prepared by Management)

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4. INTERESTS IN MINERAL PROPERTIES (continued)

La Perla II Concession

The La Perla II mining concession, consisting of 300 hectares in northern Sinaloa State, Mexico, was acquired by staking at a cost of \$2,831.

Summit/Oldtimer Property

The Summit/Oldtimer property consists of 22 mineral claims and 143 cell claims covering 3003 hectares located in the Nelson Mining Division, British Columbia, approximately 10 kilometres from Ymir. The property is held under an option agreement entered into February 11, 2004, and amended December 28, 2005. Under the agreement the Company has the right to acquire up to a 100% interest in the property by paying \$50,000 to the optionor by May 14, 2004(paid), incurring property expenditures of \$50,000 per year (\$226,435 was incurred in 2005, and \$63,055 in 2004) through 2008, and making payments to the optionor of \$65,000 in 2007, and \$40,000 in 2008. These payments are reduced by the amount of any net smelter returns royalties paid to the optionor pursuant to the royalty referred to hereafter. Having made the payments and incurred the property expenditures, the Company can acquire an interest of from 25% to 100% in the property by paying, on or before January 31, 2008, \$6,500 for each 1% interest purchased, less the amount of all payments received by the optionor to that date, other than the initial \$50,000 payment. The property is subject to a 2% net smelter returns royalty in favour of the optionor, capped at \$650,000 less the amount of all non-royalty payments previously received by the optionor, other than the initial \$50,000 payment.

The Company paid a finder's fee of \$10,000 in connection with the acquisition.

Bear River Properties

Under an option agreement dated September 21, 2005, the Company has the right to acquire a 100% interest in the Bear River property by paying \$11,000 (paid), issuing 200,000 common shares over a two year period (50,000 issued), and incurring property expenditures of \$25,000 by March 3, 2006 and \$50,000 in each of 2006 and 2007.

The property consists of 30 mineral claims covering approximately 9,300 hectares located in the Skeena Mining Division, approximately 25 kilometres north of Stewart, British Columbia.

Under two option agreements dated February 1, 2006, the Company has the right to acquire certain additional mineral claims located in the Skeena Mining Division. The terms of the first of these option agreements requires the payment of \$6,000 (paid) and the issuance of 60,000 common shares (15,000 issued) in the Company over a period of 20 months for claims that are contiguous to the claims referenced in the earlier option agreement date September 21, 2005. The second option agreement requires the payment of \$1,000 (paid) and the issuance of 140,000 common shares (35,000 issued) in the Company over a period of two years for claims that are not contiguous to those referenced under the foregoing option agreements.

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NOTES TO INTERIM CONSOLIDATED FINANCIAL STATEMENTS (Unaudited – Prepared by Management)

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4. INTERESTS IN MINERAL PROPERTIES (Continued)

	2006 ACQUISITION AND DEFERRED EXPLORATION COSTS					
	BRANDYWINE PROPERTY	MAGENTA PROPERTY	LA PERLA II CONCESSION	SUMMIT/ OLDTIMER PROPERTY	BEAR RIVER PROPERTY	TOTAL
Acquisition Costs						
Balance, beginning of year	\$ 40,000	\$ 50,890	\$ 2,831	\$ 65,761	\$ 20,135	\$ 179,617
Additions	-	1,253	279	160	14,529	16,221
Balance, end of period	40,000	52,143	3,110	65,921	34,664	195,838
Deferred Exploration						
Balance, beginning of year	24,130	426,598		289,489	15,464	755,681
Geological, mapping and field expenses	-	166,826	4,639	438	14,202	186,105
Permits, taxes and assessment fees	250	9,112	284	6,737	3,509	19,892
Balance, end of period	24,380	602,536	4,923	296,664	33,175	961,678
Total	\$ 64,380	\$ 654,679	\$ 8,033	\$ 362,585	\$ 67,839	\$ 1,157,516

5 DUE TO RELATED PARTIES

An amount of \$89,345 (2005 - \$134,979) included in due to related parties is due to a director for unbilled legal services for prior years to November 1, 2003. The amount is unsecured, bears no interest and it has been agreed that payment will not be demanded prior to January 1, 2006.

6. CAPITAL STOCK

a) Authorized

Unlimited number of common shares without par value

b) Issued

	NUMBER OF SHARES	AMOUNT
Balance, December 31, 2005	12,194,749	\$ 7,727,502
Shares issued for cash – private placements	5,000,000	570,000
Shares issued on acquisition of mineral property	50,000	7,500
Share issuance costs	-	(68,018)
Balance, June 30, 2006	17,244,749	\$ 8,236,984

AURAMEX RESOURCE CORP.

NOTES TO INTERIM CONSOLIDATED FINANCIAL STATEMENTS (Unaudited – Prepared by Management)

JUNE 30, 2006

6. CAPITAL STOCK (Continued)

On January 4, 2006 and January 24, 2006, the Company completed non-brokered private placements of 1,355,000 and 660,000 units respectively 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 \$0.12 per share for a period of two years from date of closing. Finders' fees of \$10,800 and \$6,500 were paid respectively in connection with the placements.

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 common share and one 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.

On March 8, 2006, the Company granted 839,000 stock options to directors and consultants to purchase common shares at a price of \$0.13 per share until March 8, 2011.

On April 6, 2006, the Company completed a non-brokered private placement of 1,000,000 units at a price of \$0.12 per unit. Each unit consists of one common share and one share purchase warrant to acquire one additional common share at a price of \$0.15 for a period of two years, expiring April 6, 2008. Finders' fees of \$2,400 were paid in connection with this placement.

On May 2, 2006, the Company completed a non-brokered 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 share purchase warrant to acquire one additional common share at a price of \$0.15 per share for a period of two years expiring May 2, 2008. Finders' fees of \$10,800 were paid in connection with this placement.

c) Warrants

At June 30, 2006, the following share purchase warrants are outstanding:

<u>NUMBER OF WARRANTS</u>	<u>EXERCISE PRICE</u>	<u>EXPIRY DATE</u>
353,500	\$ 0.40	July 29, 2006
625,000	\$ 0.40	September 22, 2006
587,500	\$ 0.50	November 17, 2006
500,000	\$ 0.25	December 30, 2006
500,000	\$ 0.20	March 16, 2007
400,000	\$ 0.19	June 6, 2007
1,355,000	\$ 0.12	January 4, 2008
660,000	\$ 0.12	January 24, 2008
985,000	\$ 0.12	February 14, 2008
1,000,000	\$ 0.15	April 6, 2008
1,000,000	\$ 0.15	May 2, 2008
<u>7,966,000</u>		

AURAMEX RESOURCE CORP.

NOTES TO INTERIM CONSOLIDATED FINANCIAL STATEMENTS (Unaudited – Prepared by Management)

JUNE 30, 2006

6. CAPITAL STOCK (Continued)

d) Stock Options

The Company's stock option plan provides for the grant of incentive stock options for up to 2,344,350 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.

The changes in stock options are as follows:

	NUMBER OF OPTIONS	WEIGHTED AVERAGE EXERCISE PRICE
Balance, December 31, 2005	1,505,000	0.24
Granted	839,000	0.13
Balance, June 30, 2005	2,344,000	\$ 0.14

The following table summarizes information about the stock options outstanding at June 30, 2006:

OPTIONS OUTSTANDING			OPTIONS EXERCISABLE	
EXERCISE PRICE	NUMBER OF SHARES	REMAINING CONTRACTUAL LIFE (YEARS)	NUMBER OF SHARES	EXERCISE PRICE
\$ 0.15	825,000	2.16	825,000	\$ 0.15
0.13	380,000	2.42	380,000	0.13 ⁽¹⁾
0.13	50,000	2.79	50,000	0.13 ⁽¹⁾
0.13	150,000	3.00	150,000	0.13 ⁽¹⁾
0.20	100,000	3.83	75,000	0.20
0.13	839,000	4.66	419,500	0.13
	2,344,000		1,899,500	

⁽¹⁾ On March 11, 2006, the Company repriced the above options subject to shareholder approval at the Annual General Meeting to be held in September, 2006.

AURAMEX RESOURCE CORP.

NOTES TO INTERIM CONSOLIDATED FINANCIAL STATEMENTS (Unaudited – Prepared by Management)

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7. RELATED PARTY TRANSACTIONS

- a) The following table discloses the related party transactions for the six months ended June 30, 2006 and 2005 as follows:

RELATED PARTY	TYPE OF TRANSACTION	TERMS AND CONDITIONS	2006	2005
Director and Officer	Management Consulting Fees	Normal Commercial	\$ 15,000	\$ 15,000
Director	Legal fees in connection with private placements	Normal Commercial	\$ 29,018	n/a
	Legal fees	Normal Commercial	\$ 19,006	\$ 22,211
	Legal fees and expenses from prior years	Normal Commercial	\$ 44,921	
Director	Geological Consulting	Normal Commercial	\$ 41,308	n/a
Director and Officer	Consulting fees	Normal commercial	\$ 21,000	\$ 10,500
	Expense reimbursement	Cost reimbursement	\$ 13,193	\$
Company Related to a Director	Investor relations	Normal commercial	\$ 9,000	\$ 9,000
	Expense reimbursement	Cost reimbursement	\$ 1,256	

- b) An amount of \$95,735 (2005 - \$160,474) which is included in accounts payable, accrued liabilities and due to related parties represents unpaid amounts relating to fees and expenses.

8. SIGNIFICANT AND SUBSEQUENT EVENTS

- a) On May 12, 2006 the Company announced a non-brokered private placement of 1,000,000 units at a price of \$0.15 per unit, with a two year warrant at a \$0.17 exercise price. On June 7, 2006, the Company amended the terms to a unit price of \$0.10 with a \$0.15 warrant. On August 15, 2006, the Company completed the non-brokered private placement of 1,000,000 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 common share at a price of \$0.15 for a period of two years, expiring August 14, 2008. Finders' fees of \$7,500 were paid in connection with this placement.
- b) In June, 2006 the Company signed a letter of intent to acquire an option to purchase additional claims in the Skeena Mining Division totalling approximately 3,100 hectares. In August, an agreement has been made with the optionor to include additional claims totalling approximately 1,730 hectares. The payment to the optionor will be \$2,800. The total area of the Bear River properties is approximately 26,000 hectares.