

CONDENSED INTERIM FINANCIAL STATEMENTS



As at and for the three month period ended March 31, 2020
(Expressed in Canadian dollars)

AURAMEX RESOURCE CORP

NOTICE TO READER

The accompanying condensed interim financial statements of Auramex Resource Corp., for the three months ended March 31, 2020, have been prepared by management and approved by the Audit Committee and the Board of Directors of the Company. These condensed interim financial statements have not been reviewed by the Company's external auditors.

AURAMEX RESOURCE CORP.

Condensed Interim Statements of Financial Position

As at March 31, 2020 and December 31, 2019

(Expressed in Canadian dollars)

	March 31 2020	December 31 2019
ASSETS		
Current		
Cash	\$ 48,531	\$ 56,634
Receivables	11,598	19,039
Prepaid expenses	55,905	111,914
	<u>116,034</u>	<u>187,587</u>
Exploration and evaluation assets (Note 3)	<u>3,252,361</u>	<u>3,212,499</u>
	<u>\$ 3,368,395</u>	<u>\$ 3,400,086</u>
LIABILITIES		
Current		
Accounts payable and accrued liabilities	\$ 508,287	\$ 430,642
	<u>508,287</u>	<u>430,642</u>
STOCKHOLDERS' EQUITY		
Share Capital (Note 4)	15,311,386	15,301,386
Subscription Receipts	-	-
Equity reserves	1,365,270	1,365,270
Deficit	(13,816,548)	(13,697,212)
	<u>2,860,108</u>	<u>2,969,444</u>
	<u>\$ 3,368,395</u>	<u>\$ 3,400,086</u>
Nature and continuance of operations (Note 1)		

Approved, and authorized by the board of directors on May 29, 2020:

“Lawrence Roulston”
Director

“Marie Brannstrom”
Director

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

AURAMEX RESOURCE CORP.

Condensed Interim Statements of Operations and Comprehensive Loss
For the three month periods ended March 31, 2020 and 2019.
(Expressed in Canadian dollars)

	2020	2019
Expenses		
Bank charges, interest and penalties	\$ 104	\$ 364
Insurance	2,260	1,001
Management and consulting fees (Note 5)	38,118	43,327
Marketing and promotion	63,912	37,640
Office and sundry	1,958	2,758
Professional fees	2,666	28,477
Share-based payment expense (Notes 4 and 5)	-	34,180
Transfer agent and filing fees	7,093	9,500
Travel	3,266	7,293
	(119,377)	(164,540)
Interest Income	41	206
Recovery of flow-through premium	-	7,006
Gain on sale of subsidiary	-	-
(Loss) earnings and comprehensive (loss) earnings for the period	\$ (119,336)	\$ (157,328)
(Loss) earnings per share – basic and diluted	\$ (0.002)	\$ (0.003)
Weighted average number of common shares outstanding – basic and diluted	54,470,843	45,991,455

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

AURAMEX RESOURCE CORP.

Condensed Interim Statements of Cash Flows

For the three month periods ended March 31, 2020 and 2019

(Expressed in Canadian dollars)

	2020	2019
Operating Activities		
(Loss) earnings for the year	\$ (119,336)	\$ (157,328)
Items not involving cash:		
Recovery of flow-through premium	-	(7,006)
Share-based payment expense	-	34,180
Changes in operating assets and liabilities		
Receivables and prepaid expenses	63,450	10,825
Accounts payable and accrued liabilities	47,054	4,124
	<u>(8,832)</u>	<u>(115,205)</u>
Investing Activities		
Option payments received	15,300	-
Acquisition of exploration and evaluation assets	(14,571)	(57,123)
	<u>729</u>	<u>(57,123)</u>
Financing Activities		
Shares issued for cash, net of share issuance costs	-	5,704
Shares issued on exercise of warrants	-	11,500
	<u>-</u>	<u>17,204</u>
Increase in cash	(8,103)	(155,124)
Cash, beginning of year	56,634	370,453
Cash, end of period	\$ 48,531	\$ 215,329
Supplemental disclosure of cash flow information		
Shares issued under property agreements	\$ 10,000	\$ 25,750

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

AURAMEX RESOURCE CORP.

Condensed Interim Statement of Changes in Stockholders' Equity
For the years three month periods ended March 31, 2020 and 2019
(Expressed in Canadian dollars)

Share Capital						
Issued and outstanding	Number of shares	Amount	Subscription Receipts	Equity reserves	Deficit	Total Equity
Balance as at December 31, 2018	44,668,899	\$ 14,671,796	\$ 70,000	\$ 1,218,228	\$ (13,152,253)	\$ 2,807,771
Shares issued pursuant to private placements	1,550,000	77,500	(70,000)	-	-	7,500
Shares issued pursuant to property option agreements	475,000	25,750	-	-	-	25,750
Share issuance costs	-	(1,796)	-	-	-	(1,796)
Shares issued pursuant warrant exercises	230,000	11,500	-	-	-	11,500
Share based payments	-	-	-	34,180	-	34,180
Loss and comprehensive loss for the period	-	-	-	-	(157,328)	(157,328)
Balance as at March 31, 2019	46,923,899	\$ 14,784,750	\$ -	\$ 1,252,408	\$ (13,309,581)	\$ 2,727,577
Balance as at December 31, 2019	57,353,899	\$ 15,301,386	\$ -	\$ 1,365,270	\$ (13,697,212)	\$ 2,969,444
Shares issued pursuant to property option agreements	275,000	10,000	-	-	-	10,000
Loss and comprehensive loss for the period	-	-	-	-	(119,336)	(119,336)
Balance as at March 31, 2020	57,628,899	\$ 15,311,386	\$ -	\$ 1,365,270	\$ (13,816,548)	\$ 2,860,108

The accompanying notes are an integral part of these financial statements

AURAMEX RESOURCE CORP.

Notes to the Condensed Interim Financial Statements

For the three months ended March 31, 2020

(Expressed in Canadian Dollars)

1. NATURE AND CONTINUANCE OF OPERATIONS

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 (“TSXV”). The Company is currently active in the acquisition, exploration and evaluation of mineral properties.

The address of the Company’s registered and corporate office is 20th Floor, 250 Howe Street, Vancouver, British Columbia, Canada, V6C 3R8.

The Company is in the process of exploring its mineral properties and has not yet determined whether the reserves of its properties are economically recoverable. The recoverability of the amounts shown for exploration and evaluation assets 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 or proceeds from the disposition thereof.

The Company’s financial statements are prepared using International Financial Reporting Standards (“IFRS”) applicable to a going concern, which contemplates the Company will continue in operations for the foreseeable future and will be able to realize its assets and discharge its liabilities in the normal course of business. The Company has not generated revenue from operations and will require additional financing or outside participation to undertake further exploration and subsequent development of its exploration and evaluation assets. Future operations of the Company are dependent on its ability to raise additional equity financing and the attainment of profitable operations. These material uncertainties may cast a significant doubt on the Company’s ability to continue as a going concern.

In March 2020 the World Health Organization declared coronavirus COVID-19 a global pandemic. This contagious disease outbreak, which has continued to spread, and any related adverse public health developments, has adversely affected workforces, economies, and financial markets globally, potentially leading to an economic downturn. It is not possible for the Company to predict the duration or magnitude of the adverse results of the outbreak and its effects on the Company’s business or ability to raise funds.

	March 31, 2020	December 31, 2019
Working capital surplus / (deficiency)	\$ (392,253)	\$ (243,055)
Deficit	(13,816,548)	(13,697,212)

AURAMEX RESOURCE CORP.

Notes to the Condensed Interim Financial Statements

For the three months ended March 31, 2020

(Expressed in Canadian Dollars)

2. BASIS OF PREPARATION

The financial statements of the Company are presented in Canadian dollars, unless otherwise indicated.

These condensed interim financial statements of the Company as at and for the three month period ended March 31, 2020, with comparative information as at December 31, 2019 and for the three month period ended March 31, 2019, have been prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB") which the Canadian Accounting Standards Board has approved for incorporation into Part 1 of the Handbook of Canadian Institute of Chartered Accountants, as applicable to the preparation of interim financial statements including IAS 34. These unaudited interim financial statements do not include all of the disclosures required for annual financial statements and hence should be read in conjunction with the Company's annual financial statements for the year ended December 31, 2019. These unaudited condensed interim financial statements follow the same significant accounting policies as those included in the Company's most recent annual financial statements, except as described herein.

Accounting Standards adopted during the period.

There are no new IFRS adopted in the period.

Accounting standards and amendments issued but not yet adopted

There are no IFRS that are not yet effective that would be expected to have a material impact on the Company.

3. EXPLORATION AND EVALUATION ASSETS

	American Creek	Bear Pass	Georgie River	Lower Bear	Tide North	Total
Acquisition costs						
Balance, December 31, 2019	\$ 13,825	\$ 140,169	\$ 124,854	\$ 42,250	\$ 10,987	\$ 332,085
Additions	18,000	-	-	7,000	-	25,000
Option payments received	(15,300)	-	-	-	-	(15,300)
Balance, March 31 2020	16,525	140,169	124,854	49,250	10,987	341,785
Deferred Exploration Costs						
Balance, December 31, 2019	26,682	1,764,424	952,633	112,035	24,640	2,880,414
Geology	1,350	1,000	22,750	2,550	500	28,150
Camp and field costs	-	-	512	-	-	512
Assay and laboratory costs	-	-	-	1,500	-	1,500
Balance, March 31 2020	\$ 28,032	\$ 1,765,424	\$ 975,895	\$ 116,085	\$ 25,140	\$ 2,910,576
Total Exploration and Evaluation Assets at March 31, 2020	\$ 44,557	\$ 1,905,593	\$ 1,100,749	\$ 165,335	\$ 36,127	\$ 3,525,361

AURAMEX RESOURCE CORP.

Notes to the Condensed Interim Financial Statements

For the three months ended March 31, 2020

(Expressed in Canadian Dollars)

3. EXPLORATION AND EVALUATION ASSETS (Continued)

	American Creek	Bear Pass	Georgie River	Lower Bear	Tide North	Total
Acquisition costs						
Balance, December 31, 2018	\$ -	\$ 150,169	\$ 118,854	\$ 14,500	\$ 10,987	\$ 294,510
Additions	27,000	-	6,000	27,750	-	60,750
Option payments received	(13,175)	(10,000)	-	-	-	(23,175)
Balance, December 31, 2019	13,825	140,169	124,854	42,250	10,987	332,085
Deferred Exploration Costs						
Balance, December 31, 2018	-	1,748,713	358,206	76,209	15,661	2,198,789
Geology	23,065	28,113	228,924	38,949	8,472	327,523
Camp and field costs	1,459	2,175	354,658	508	507	359,307
Assay and laboratory costs	1,639	2,485	2,876	254	-	7,254
Permits, taxes and assessment fees	-	91	765	997	-	1,853
Travel	519	1,911	10,967	535	-	13,932
Investment tax credit	-	(19,064)	(3,763)	(5,417)	-	(28,244)
Balance, December 31, 2019	\$ 26,682	\$ 1,764,424	\$ 952,633	\$ 112,035	\$ 24,640	\$ 2,880,414
Total Exploration and Evaluation Assets at December 31, 2019						
	\$ 40,507	\$ 1,904,593	\$ 1,077,487	\$ 154,285	\$ 35,627	\$ 3,212,499

Title to mineral property interests involves certain inherent risks due to the difficulties of determining the validity of certain claims as well as the potential for problems arising from the frequently ambiguous conveyancing history characteristic of many mineral claims. The Company has mineral property interests in Canada and formerly in México. The Company has investigated title to all of its mineral property interests, and, to the best of its knowledge, title to all of its interest are in good standing.

Stewart Properties, British Columbia

The Stewart Properties are located in the Skeena Mining Division, British Columbia. The properties have been acquired under various option agreements, purchase agreements and by staking. Certain claims are subject to a net smelter royalty ("NSR") ranging from 1% - 2.5%.

No additional option agreements were entered into or granted in the Quarter.

In February 2020 the option granted to Decade Resources Ltd. to earn an 80% interest in certain mineral claims adjacent to Decade's Red Cliff property within the Stewart Properties was terminated.

In March 2020 the option granted to Decade Resources Ltd. to earn a 60% interest in certain mineral claims within the Surprise Creek area of the Stewart properties was terminated.

4. SHARE CAPITAL

a) Authorized

Unlimited number of common shares without par value

AURAMEX RESOURCE CORP.

Notes to the Condensed Interim Financial Statements

For the three months ended March 31, 2020

(Expressed in Canadian Dollars)

4. SHARE CAPITAL (continued)

During the period ended March 31, 2020, the Company had the following share transactions:

The Company issued 275,000 shares in respect of property option agreements at prices ranging from \$0.03 to \$0.04 for which deemed consideration of \$10,000 has been recorded as property acquisition costs.

b) Share Purchase Warrants

A summary of share purchase warrant activity for the period ended March 31, 2020 is as follows:

	Number of Warrants	Exercise Price
Balance outstanding at December 31, 2018	10,395,000	0.08
Issued	11,005,000	0.07
Expired	(2,360,000)	0.05
Exercised	(330,000)	0.05
Balance outstanding at December 31, 2019	18,710,000	\$ 0.09
Expired	(8,480,000)	0.10
Balance outstanding at March 31 2020	10,230,000	\$ 0.07

As at March 31, 2020, the Company had the following share purchase warrants outstanding:

Exercise Price	Number Outstanding	Remaining Years	Expiry Date
\$ 0.07	7,630,000	0.90	February 22, 2021
\$ 0.07	2,600,000	1.05	April 18, 2021
	10,230,000		

c) Stock Options

The Company has a 10% rolling stock option plan.

The Company's stock option plan provides for the grant of incentive stock options to employees, consultants, officers and directors of the Company. Options are granted for a term of up to ten years from the date granted. Stock options granted to directors, officers, employees and consultants for other than investor relations activities vest at the discretion of the directors. Options granted for investor relations activities vest over 12 months with no more than 25% of the options vesting in any three-month period.

No stock options were granted in the period ended March 31, 2020.

AURAMEX RESOURCE CORP.

Notes to the Condensed Interim Financial Statements

For the three months ended March 31, 2020

(Expressed in Canadian Dollars)

4. SHARE CAPITAL (continued)

A summary of share options activity for the period ended March 31, 2020 is as follows:

	Number of Stock Options	Exercise Price
Balance outstanding at December 31, 2018	3,384,000	0.06
Granted	2,707,000	0.06
Expired	(1,950,000)	0.06
Balance outstanding at December 31, 2019 and March 31, 2020	4,141,000	\$ 0.05

The following table summarizes information about the stock options outstanding at March 31, 2020:

Exercise price	Number outstanding and exercisable	Remaining years	Expiry date
\$ 0.055	518,000	3.28	July 12, 2023
\$ 0.05	400,000	4.49	September 24, 2024
\$ 0.05	500,000	6.86	February 8, 2027
\$ 0.05	233,000	7.72	December 19, 2027
\$ 0.05	715,000	3.83	January 28, 2024
\$ 0.06	1,775,000	4.27	July 7, 2024
	4,141,000		

Share-based payments

The Company recognizes share-based payment expense for all stock options granted using the fair value based method of accounting. The fair value of stock options is determined by the Black-Scholes Option Pricing Model with assumptions for risk-free interest rates, dividend yields, volatility factors of the expected market price of the Company's common shares, forfeiture rate, and expected life of the options. The risk free rate of return is the yield on a zero-coupon Canadian Treasury Bill of a term consistent with the assumed option life. The expected average term is the average expected period to exercise, based on the historical activity. The expected volatility is based on the historical volatility of the Company.

During the three months ended March 31, 2020 the Company recognized share-based payment expense of \$Nil (2019 - \$34,180) using the following weighted average assumptions:

	March 31, 2020	March 31, 2019
Share price	-	\$0.05
Risk-free interest rate	-	1.83%
Expected life of options	-	5 years
Annualized volatility	-	195.9%
Expected forfeitures	-	0%
Dividend rate	-	0%
Fair value per option	-	\$0.044

AURAMEX RESOURCE CORP.

Notes to the Condensed Interim Financial Statements

For the three months ended March 31, 2020

(Expressed in Canadian Dollars)

5. RELATED PARTY TRANSACTIONS

Related parties and related party transactions impacting the accompanying financial statements are summarized below and include transactions with the following individuals or entities:

Key management personnel

Key management personnel include those persons having authority and responsibility for planning, directing and controlling the activities of the Company. The Company has determined that key management personnel consist of executive and non-executive members of the Company's Board of Directors and corporate officers.

Remuneration attributed to key management personnel can be summarized as follows:

	Three months ended March 31,	
	2020	2019
Management and consulting fees	49,500	56,000
Geological consulting fees	22,560	31,671
Share based payments	-	23,252
	\$ 72,060	\$ 110,923

At March 31, 2020, an amount of \$291,183 (March 31, 2019 - \$43,301) was included in accounts payable and accrued liabilities for unpaid amounts relating to fees and expenses owed to officers and directors, and to companies controlled by them.

6. FINANCIAL INSTRUMENTS

The fair value of the Company's receivables and accounts payable and accrued liabilities approximate carrying value which is the amount recorded on the statement of financial position due to their short terms to maturity or ability of prompt liquidation. The Company's other financial instrument, cash, under the fair value hierarchy is measured at fair value based on level one quoted prices in active markets for identical assets and liabilities.

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

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 March 31, 2020, the Company has cash of \$48,531 to settle current liabilities of \$508,287. The Company is exposed to significant liquidity risk.

Credit risk

Credit risk is the risk that one party to a financial instrument will fail to discharge an obligation and cause the other party to incur a financial loss. The Company's credit risk is primarily attributable to cash and receivables. Cash is held with highly rated financial institutions and management believes the risk of loss to be remote. The Company has no significant concentration of credit risk arising from operations. Receivables consist of input tax credits receivable from the Government of Canada. The Company does not believe it is subject to significant credit risk in relation to its receivables.

AURAMEX RESOURCE CORP.

Notes to the Condensed Interim Financial Statements

For the three months ended March 31, 2020

(Expressed in Canadian Dollars)

6. FINANCIAL INSTRUMENTS

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 interest-bearing debt. The Company's current policy is to invest excess cash in investment-grade demand 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 March 31, 2020, the Company had no funds invested in investment-grade short-term deposit certificates.

b) Foreign currency risk

The Company's exposure to foreign currency risk or fluctuations related to amounts, denominated in US Dollars is minimal, subsequent to the disposal of its subsidiary.

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.

7. SEGMENT INFORMATION

The Company has one reportable operating segment in Canada, being the acquisition, exploration and evaluation of mineral resources. All the Company's long-term assets are located in Canada.