AUREX ENERGY CORP

(formerly Canadian Platinum Corp.)

Consolidated Interim Financial Statements

For the three months ended March 31, 2020

(expressed in Canadian Dollars)

101A-2366 Avenue C North

Saskatoon, SK S7L 5X5

TSX.V: AURX

Note to Reader

Notice of no auditor review of consolidated interim financial statements.

These consolidated interim financial statements for the three months ended March 31, 2020 have been compiled by management. These financial statements, along with the accompanying notes, have been reviewed and approved by the members of the Company's audit committee.

In accordance with Canadian Securities Administrators National Instrument 51-102, the Company discloses that these unaudited consolidated interim financial statements have not been reviewed by the Company's auditors.

(formerly Canadian Platinum Corp.)
Consolidated Interim Statements of Financial Position
as at March 31, 2020
(amounts in Canadian dollars)

Assets	**Notes**		**Mar 31, 2020**		**Dec 31, 2019**
Current assets					
Cash		$	8,257	$	7,292
GST recoverable			41,038		43,553
Total current assets			49,295		50,845
Right-of-use assets	12		83,764		92,141
Deposits			35,468		32,470
Exploration and evaluation assets	6		9,768,002		9,768,002
Total assets		$	9,936,528	$	9,943,458
Liabilities					
Current liabilities					
Bank debt	7		150,000		148,592
Accounts payable and accrued liabilities	8	$	1,447,324	$	1,275,854
Promissory note payable	9		151,000		151,000
Due to related parties	10		82,521		42,375
Asset retirement obligation	11		281,165		-
Current portion of lease obligation	12		29,658		29,658
Total liabilities			2,141,668		1,647,479
Shareholders' Equity					
Share capital	13		25,462,934		25,462,934
Warrants	13		488,266		488,266
Contributed surplus			3,799,585		3,799,585
Deficit			(21,955,927)		(21,798,882)
Total shareholders' equity			7,794,860		7,951,903
Total liabilities and shareholders' equity		$	9,936,528	$	9,943,458
Going concern	2				
Commitments	16				
Subsequent events	18				

See accompanying notes to the consolidated financial statements.

AUREX ENERGY CORP

(formerly Canadian Platinum Corp.)
Consolidated Interim Statements of Loss
For the Three Months Ended March 31
(amounts in Canadian dollars)

	Notes	2020	2019
Expenses			
Marketing and promotion		$ -	$ 5,362
Amortization expense		8,377	-
Office and other		548	10,408
Professional fees		54,000	42,413
Wages and benefits		80,800	-
Filing fees		-	43,637
Foreign exchange loss		4,216	1,328
Transfer agent		6,608	7,745
Total expenses		154,550	110,893
Loss from operations		(154,550)	(110,893)
Finance expense		2,493	57
Loss for the period		$ (157,043)	$ (111,182)
Basic and diluted loss per share (24,545,238 weighted average common shares)		$ (0.01)	$ (0.01)

See accompanying notes to the consolidated interim financial statements.

(amounts in Canadian dollars)

Balance at January 1, 2019		**9,279,148**	**$16,842,750**	**$501,049**	**$3,659,636**	**($19,964,879)**	**$1,038,616**
Acquisition of Gas Tap		12,705,000	8,258,250	-	-	-	8,258,250
Translation adjustment						1,859	1,859
Loss and comprehensive loss		-	-	-	-	(111,182)	(111,182)
Balance at March 31, 2019		**21,984,148**	**$25,101,000**	**$501,049**	**$3,659,636**	**($20,074,202)**	**$9,187,543**
	Notes	**Number of common shares**	**Share Capital stated value**	**Warrants stated value**	**Contributed surplus**	**Deficit**	**Total equity**
Balance at January 1, 2020		**23,940,548**	**$25,462,934**	**$488,266**	**$3,799,585**	**$(21,798,882)**	**$7,951,903**
Acquisition of exploration and evaluation assets		-	-	-	-	-	-
Loss and comprehensive loss		-	-	-	-	(157,043)	(157,043)
Balance at March 31, 2020		**23,940,548**	**$25,462,934**	**$488,266**	**$3,799,585**	**($21,955,927)**	**$7,794,860**

See accompanying notes to the consolidated interim financial statements.

AUREX ENERGY CORP

(formerly Canadian Platinum Corp.)
Consolidated Interim Statements of Cash Flows
For the Three Months Ended March 31
(amounts in Canadian dollars)

	Notes		2020		2019
Cash provided by (used in):					
Operating activities					
Loss and comprehensive loss for the year		$	(157,043)	$	(111,182)
Adjustments for:					
Unrealized foreign exchange loss			4,274		1,328
Amortization			8,377		-
Changes in non-cash working capital	15		152,069		41,782
Net cash used in operating activities			7,677		(68,072)
Financing activities					
Proceeds from promissory note			-		100,000
Lease payments			(8,120)		-
Issuance of shares for acquisition			-		8,258,250
Net cash from financing activities			(8,120)		8,358,250
Investing activities					
Exploration and evaluation expenditures			-		(34,125)
Gas Tap Investment			-		(8,258,250)
Changes in non-cash working capital			-		1,859
Net cash used in investing activities			-		(8,290,516)
Change in cash			(443)		(338)
Cash, beginning of period			(141,300)		1,743
Cash, end of period		$	(141,743)	$	1,405
Cash, end of period represented by:					
Cash		$	8,257	$	1,405
Bank indebtedness			(150,000)		-
		$	(141,743)	$	1,405

See accompanying notes to the consolidated interim financial statements.

1. Nature of Operations

Aurex Energy Corp. (formerly Canadian Platinum Corp.) (the "Corporation") is a public company whose shares are listed on the TSX-V. The Corporation is in the business of acquiring, exploring and developing natural resource properties in the province of Saskatchewan, Canada and in the states of Nevada and Texas, United States of America. The mineral properties of the Corporation are all in the exploration stage and the natural gas assets are former-producing shut-in wells. The address of business of the Corporation is Suite 101A – 2366 Avenue C North, Saskatoon, Saskatchewan, Canada, S7L 5X5.

On November 15, 2018 the Shareholders of the Corporation, at a Special Meeting of Shareholders, approved the consolidation of all of its issued and outstanding common shares on the basis of twenty-six (26) pre-consolidation Common Shares into one (1) Common Share. The consolidation occurred during the current period, along with the concurrent name change. All references to share, per share amounts, warrants, and options in these financial statements have been retroactively restated to reflect the share consolidation.

The Corporation has incorporated a US subsidiary called Desert Strike Resources (US) Inc. (Note 3(c)). At March 31, 2019, the subsidiary was not active.

On February 20, 2019, the Corporation acquired 100% of the issued and outstanding common shares of a privately-held US company with substantial natural gas reserves in the Barnett Shale, in the state of Texas.

These consolidated financial statements were approved and authorized for issuance by the Board of Directors on December 29, 2020.

2. Going concern

These consolidated financial statements have been prepared on a going concern basis which assumes that the Corporation will be able to realize its assets and discharge its liabilities in the normal course of business for the foreseeable future.

The Corporation has not yet earned operational revenue as it is still in the exploration phase of its business. The operations of the Corporation are currently being financed from funds which the Corporation raised from past private and public placements of its shares. The Corporation is reliant on the continuing support from its existing directors and future shareholders. The Corporation incurred a net loss of $157,043 (2019 - $111,182) for the period ended March 31, 2020 and has an accumulated deficit of $21,955,927 (2019 - $20,103,057) and working capital deficiency of $2,092,373 at March 31, 2020 (2019 - $278,758). These factors create a material uncertainty that may cast significant doubt about the Corporation's ability to continue as a going concern.

The Corporation will need to raise additional equity or incur additional debt to continue operations for the foreseeable future and to meet its liabilities as they fall due. There is no assurance that the Corporation will be successful in completing the raising of additional equity or will be able to obtain additional debt on terms acceptable to the Corporation. The Corporation's ability to continue as a going concern is dependent on its ability to obtain the necessary financing to fund its operations.

3. Basis of preparation

(a) Statement of compliance

These consolidated financial statements have been prepared in accordance with the standards and interpretations issued by the International Accounting Standards Board ("IASB"). These include International Financial Reporting Standards ("IFRS") and the interpretations of the IFRS Interpretations Committee which are effective and applicable to the Corporation as at the end of its current fiscal year.

Effective July 1, 2019, the Company adopted IFRS 16 Leases (“IFRS 16”). IFRS 16 was adopted under the modified retrospective approach with no restatement of comparative periods, as permitted by the transition provisions of the standard. As a result of the application of IFRS 16, the Company changed its accounting policies for leases thereon as described in Note 4 to the audited consolidated financial statements for the year ended December 31, 2019.

(b) Basis of measurement

The consolidated financial statements have been prepared on a historical cost basis, except for financial instruments classified as financial instruments at fair value through profit and loss, which are stated at their fair value.

(c) Principles of consolidation

During the year ended December 31, 2018 the Corporation incorporated Desert Strike Resources (US) Inc., a wholly-owned subsidiary. In addition, during the current period the Corporation acquired 100% of the outstanding shares of Gas Tap Corp. The accounts of the Corporation and its wholly-owned subsidiaries are fully consolidated. Control exists when the Corporation is exposed, or has rights, to variable returns from its involvement with the subsidiaries and has the ability to affect those returns through the power over the subsidiaries.

All intercompany balances and any unrealized gains and losses or income and expenses arising from intercompany transactions are eliminated in preparing the consolidated financial statements.

(d) Functional and presentation currency

These consolidated financial statements are presented in Canadian dollars, which is also the Corporation’s functional currency. The Corporation’s subsidiaries functional currency is the United States Dollar.

(e) Significant accounting estimates and judgments

The preparation of consolidated financial statements requires management to make estimates, judgments and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities at the date of the consolidated financial statements and the reported expenses during the period. Actual results could differ from these estimates.

Estimates and judgments are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. Accounting estimates will, by definition, seldom equal the actual results. Revisions to accounting estimates are recognized in the period in which the estimates are revised and in any future periods affected.

Valuation of exploration and evaluation assets

Management must make an assessment of impairment indicators related to its exploration and evaluation assets and use their judgment to determine whether there is any indication that these assets may be impaired. The assessment includes a review of future mineral prices, future capital expenditures, environmental and regulatory restrictions and management’s assessment of the Corporation’s ability to obtain additional financing to ensure work commitment are performed to keep claims in good standing. In the event an impairment test is performed, management considers future plans related to the specific CGU and will consider the recoverable amount to be $nil if no further expenditures are planned.

Income taxes

The amounts disclosed for deferred income taxes are based on estimates as to the timing of the reversal of temporary differences and tax rates currently substantively enacted. They are also based on estimates of the probability of the Corporation utilizing certain tax pools and assets which, in turn, is dependent on estimates of mineral reserves, production rates, future mineral prices and changes in legislation, tax rates and interpretations by taxation authorities. The availability of tax pools is subject to audit and interpretation by taxation authorities.

Stock-based compensation and warrants

The Corporation utilizes the Black-Scholes option pricing model to determine the fair value of stock options and warrants issued as part of a unit. The Corporation uses judgment in the evaluation of the input variables in the Black-Scholes Calculation which includes: estimates of the future volatility of the Corporation's share price, forfeiture rates, expected lives of the underlying security, expected dividends and other relevant assumptions.

Asset acquisitions versus business combinations

Management had to apply judgment with respect to whether the acquisition of the Gas Tap Corp. was an asset acquisition or business combination. The assessments required management to assess the inputs, processes and outputs of the company acquired at the time of acquisition. Pursuant to the assessment, the Gas Tap Corp. acquisition was considered to be an asset acquisition.

Going concern

The assumption that the Company will be able to continue as a going concern is subject to critical judgments of management with respect to assumptions surrounding the short and long-term operating budget, expected profitability, investment and financing activities and management's strategic planning. Should those judgments prove to be inaccurate, management's continued use of the going concern assumptions be inappropriate.

Decommissioning obligations

Amounts recorded for decommissioning obligations require the use of management's best estimates of future decommissioning expenditures, timing of expenditures, inflation and discount rates. The estimates are subject to change over time and may have a material impact on profit or loss or financial position.

Determination of purchase price allocations

Estimates are made in determining the fair value of assets and liabilities, including the valuation of separately identifiable intangibles acquired as part of an acquisition. Management exercises judgment in estimating the probability and timing of when cash flows are expected to be achieved, which is used as the basis for estimating fair value. Future performance results that differ from management's estimates could result in changes to liabilities recorded, which are recorded as they arise through profit or loss. Valuations are highly dependent on the inputs used and assumptions made by management regarding the future performance of these assets and any changes in the discount rate applied. Acquisitions that do not meet the definition of a business combination are accounted for as asset acquisitions. Consideration paid for an asset acquisition is allocated to the individual identifiable assets acquired and liabilities assumed based on their relative fair values. The fair value determined for common shares issued for the acquisition of mineral properties is based on the market price of the common shares on the measurement date. The measurement date is based on management's judgment as to when the closing of the agreement has occurred. Asset acquisitions do not give rise to goodwill.

Application of IFRS 16

The Company applies judgment in determining whether the contract contains an identified asset, whether the Company has the right to control the asset, and the lease term. Lease term reflect the period over which the lease payments are reasonably certain including renewal options that the Company is reasonably certain to exercise. The determination of lease terms involves significant judgment with respect to assumptions of whether lease extensions will be utilizes. Management makes assumptions about long-term industry outlook and store operating performances and growth which relate to future events and circumstances. Actual results could vary from these assumptions, and the differences could be material to the carrying value of the lease liabilities and right of use assets, for which the lease term is the basis for determining useful life.

4. Significant accounting policies

The accounting policies followed by the Corporation are set out in Note 4 to the audited consolidated financial statements for the year ended December 31, 2019, and have been consistently followed in the preparation of these condensed consolidated interim financial statements.

5. Financial instruments, risk management and capital management

(a) *Risk management overview*

The Corporation's activities expose it to a variety of financial risks including credit risk, currency risk and liquidity risk. This note presents information about the Corporation's exposure to each of the above risks, the Corporation's objectives, policies and processes for measuring and managing risk, and the Corporation's management of capital. Further quantitative disclosures are included throughout these financial statements. The Corporation employs risk management strategies and polices to ensure that any exposure to risk are in compliance with the Corporation's business objectives and risk tolerance levels. While the Board of Directors has the overall responsibility for the Corporation's risk management framework, the Corporation's management has the responsibility to administer and monitor these risks. There have been no significant changes in the risks, objectives, policies and procedures for managing risk during the period ended March 31, 2020.

The Corporation’s risk exposures and their impacts on the Corporation’s financial instruments are summarized below.

(i) *Credit risk*

Credit risk is the risk of financial loss to the Corporation if a customer or counterparty to a financial instrument fails to meet its contractual obligations.

The financial instrument that potentially subjects the Corporation to a significant concentration of credit risk consists of cash and represents the maximum exposure to credit risk at the statement of financial position date. The Corporation mitigates its exposure to credit loss by placing its cash in a major financial institution.

(ii) *Liquidity risk*

Liquidity risk is the risk that the Corporation will not be able to meets its financial obligations as they are due. The Corporation's approach to managing liquidity is to ensure that it will have sufficient liquidity to meet its liabilities when due. As at March 31, 2020, the Company had current assets available of $49,295 to settle current liabilities of $2,141,668.

At March 31, 2020, the Corporation's accounts payable and accrued liabilities are all due within the next year.

The Corporation will need to complete further equity issuances, issue debt or postpone/cease certain expenses and/or exploration and evaluation assets expenditures in order to settle all financial liabilities in the next twelve months.

(iii) *Foreign currency risk*

As the Corporation operates outside of Canada, foreign exchange risk exposures arise from transactions and balances denominated in foreign currencies. The Corporation's foreign currency risk arises primarily with respect to the United States dollar. Fluctuations in the exchange rates between this currency and the Canadian dollar could have a material effect on the Corporation's exploration activities and business operations in the state of Nevada. At March 31, 2020, the Corporation does not have any US denominated financial instruments:

The Corporation is exposed to currency risk through the following financial assets and financial liabilities denominated in US Dollars at March 31, 2020:

		2020		**2019**
Cash	$	5,608	$	5,608
Deposit		25,000		25,000
Accounts payable and accrued liabilities		(51,840)		(51,840)
Due to related parties		(8,650)		(8,650)
	$	(29,882)	$	(29,882)

A 10% (2019 – 10%) change in the US Dollar against the Canadian Dollar at March 31, 2020 would result in a change of approximately $4,240 (2019 - $36) in Comprehensive loss.

(b) *Fair value of financial instruments*

The fair values of cash and accounts payable and accrued liabilities approximate their carrying value due to the short-term maturity of those instruments.

The significance of inputs used in making fair value measurements are examined and classified according to a fair value hierarchy. Fair values of assets and liabilities included in Level 1 are determined by reference to quoted prices in active markets for identical assets and liabilities. Assets and liabilities in Level 2 include valuations using inputs other than quoted prices for which all significant outputs are observable, either directly or indirectly, and are based on valuation models and techniques where the inputs are derived from quoted indices. Level 3 valuations are based on inputs that are unobservable and significant to the overall fair value measurement.

(c) *Capital management*

The Corporation's policy for managing capital is to maintain a strong capital base for the objectives of maintaining financial flexibility and to sustain the future development of the business. The Corporation's primary objective with respect to its capital management is to ensure that it has sufficient cash resources available to fund the identification and evaluation of potential mining interests. To secure the additional capital necessary to pursue these plans, the Corporation may adjust spending, raise additional funds through the issuance of equity or by securing strategic partners. The Corporation's ability to raise additional equity or debt financing is impacted by external conditions including the global economic downturn. The Corporation's officers are responsible for managing the Corporation's capital and the Corporation's Board of Directors is responsible for overseeing this process. There were no changes in the Corporation's approach to capital management during the period ended March 31, 2020.

(amounts in Canadian dollars).

The Corporation includes shareholders' equity in the definition of capital as follows:

	March 31, 2020	December 31, 2019
Shareholders' equity	$ 7,794,860	$7,951,903

The Corporation's capital increased significantly from prior period as a result of the acquisition of Gas Tap Corp during the current period. The Corporation will need to raise sufficient capital resources in order to carry its exploration plans and operations for the upcoming year. The Corporation is not subject to externally imposed capital requirements at March 31, 2020.

6. Exploration and evaluation assets

Exploration and evaluation ("E&E") assets consist entirely of capitalized exploration and evaluation expenditures. E&E assets include costs incurred in relation to the acquisition and development of the Corporation's mineral properties.

	December 31, 2018	**Net Additions**	**December 31, 2019**	**Net Additions**	**March 31, 2020**
Peter Lake (Canada)					
Property acquisition costs	$ 586,632	$ -	$ 586,632	$ -	$ 586,632
Geological and consulting	3,963,348	240,000	4,203,348	-	4,203,348
Drilling	5,915,340	-	5,915,340	-	5,915,340
Impairment loss	(10,465,320)	(240,000)	(10,705,320)	-	(10,705,320)
	-	-	-	-	-
Cook Gold Project (US)					
Acquisition	521,970	-	521,970	-	521,970
Geological and consulting	397,510	58,580	456,090	-	456,090
	919,480	58,580	978,060	-	978,060
Whiskey Flats Project (US)					
Acquisition	239,680	-	239,860	-	239,860
Geological and consulting	141,107	72,098	213,205	-	213,205
Impairment loss	-	(453,065)	(453,065)	-	(453,065)
	380,967	(380,967)	-	-	-
Craig Lake (Canada)					
Geological and consulting	4,125	140,000	144,125	-	144,125
Impairment loss	-	(144,125)	(144,125)		(1444,125)
	4,125	4,125	-	-	-
Gas Tap (US)					
Acquisition	-	8,555,439	8,555,439	-	8,555,439
Asset retirement	-	251,253	251,253	-	251,253
Depletion – asset retirement	-	(16,750)	(16,750)	-	(16,750)
	-	8,789,942	8,789,942	-	8,789,942
Total exploration and evaluation assets	$ 1,304,572	$ 8,463,430	$ 9,768,002	$ -	$ 9,768,002

During the period, the Corporation capitalized salaries of $nil (2019 - $28,125) related directly to exploration activities.

The outcome of ongoing exploration and evaluation activities, and therefore whether the carrying value of E&E assets will ultimately be recovered, is inherently uncertain. Management has reviewed the Projects above at March 31, 2020 for any indicators of impairment and determined that no indicators were present other than for the Peter Lake Project. This assessment includes a review of the expiry dates of claims, the likelihood of meeting the annual expenditure requirements to maintain the claims in good standing, management's assessments of the results of geological studies, drilling and the intentions to carry on future work on these claims based on the results to date.

Peter Lake Platinum Project

The Peter Lake Property, located in northern Saskatchewan, comprises 6 mining claims covering 26,437 hectares. Management has allowed mining claims to expire since 2013 and has determined that exploration activities in this area at this time are no longer being pursued. As a result, the Corporation recorded an impairment loss of $240,000 in the current year and has an accumulative impairment loss of $10,697,320 to December 31, 2019. A value in use calculation is not applicable as the Company does not have any expected cash flows from using the property at this stage of operations. In estimating fair value less costs of disposal, management did not have observable or unobservable inputs to estimate the recoverable amount greater than $nil. As this valuation technique requires management's judgement and estimates of the recoverable amount, it is classified within Level 3 of the fair value hierarchy. The active claims require the Corporation to incur annual exploration expenditures of $25 per hectare in each year after the tenth year following the effective date of staking. Exploration expenditures in excess of the annual requirements are carried forward as assessment credits. As at December 31, 2019, the Corporation had $4,465,043 in assessment credits. On June 5, 2020, the Government of Saskatchewan announced amendments to *The Mineral Tenure Registry Regulations* in response to impacts from the COVID-19 pandemic. The amendments include waiving the expenditure requirements for the current term and subsequent 12 months for all mineral claims and leases that were active on March 18, 2020. The effect of this is to add one year to the good standing date of each claim. The assessment credits are sufficient to keep the remaining 6 claims in good standing as follows:

1 claim covering 5,249 hectares until August 12, 2022;
1 claim covering 5,621 hectares until August 12, 2023;
2 claims covering 8,039 hectares until August 12, 2025; and
2 claims covering 7,528 hectares until August 12, 2035

Cook Gold Project

In 2017, the Corporation acquired a 70% working interest in the Cook Gold Project in Humboldt County Nevada. Consideration for the acquisition required the issuance of 50 million common shares of the Corporation with an estimated fair value of $500,000. At the date of closing the seller was a non-arm's length party which owned more than 10% of the issued and outstanding shares of the Corporation. The property consists of 88 lode claims covering 740 hectares and is located 100km northwest of Winnemucca, Nevada. There are no work commitments, but the Corporation keeps the mineral claims in good standing by paying the required annual maintenance fee. The property is subject to a 2.5% net smelter royalty in favour of arm's length third parties.

The first phase of exploration work, including airborne geophysical surveys, airborne hyperspectral surveys and ground mapping and sampling, has been completed on the property during 2018.

Craig Lake

The Craig Lake property consists of 2 mining claims in Saskatchewan covering 3,505 hectares. The claims are subject to a 3% net smelter royalty which may be acquired by the Corporation, at any time, for a cash payment of $5,000,000. Management has determined that exploration activities in this area at this time are no longer being pursued. As a result, the Corporation recorded an impairment loss in 2019 of $144,125. A value in use calculation is not applicable as the Company does not have any expected cash flows from using the property at this stage of operations. In estimating fair value less costs of disposal, management did not have observable or unobservable inputs to estimate the recoverable amount greater than $nil. As this valuation technique requires management's judgement and estimates of the recoverable amount, it is classified within Level 3 of the fair value hierarchy. As at December 31, 2019, the Corporation had $369,423 in assessment credits. The assessment credits are sufficient to keep the current claim in good standing as follows, after implementing the amendments to *The Mineral Tenure Registry Regulations* as described above under the Peter Lake Platinum Project:

(amounts in Canadian dollars).

1 claim covering 741 hectares until August 15, 2021; and
1 claim covering 2,764 hectares until April 9, 2026

Whiskey Flats Project

On February 21, 2018, the Corporation signed a formal agreement with Silver Reserve Corp ("Owner") to purchase a 50% interest in the Whiskey Flats Copper-Zinc Project, a former-producing copper-zinc property in Mineral County, Nevada. The property consists of 12 patented lode claims and 17 unpatented lode claims covering approximately 230 hectares. The terms of the acquisition required the Corporation to issue 7,500,000 common shares of the Corporation with an estimated fair value of $150,000 and will require cash payments totaling US$200,000 over a 24 month period. The 50% interest title transfer would occur on receipt by the Owner of the final cash payment. In addition, the Corporation is responsible for all costs to complete the pre-feasibility study. On April 28, 2020, the Corporation announced that the option agreement was terminated pursuant to the terms of the Agreement. As a result, the Corporation recorded an impairment loss in 2019 of $453,065. A value in use calculation is not applicable as the Company does not have any expected cash flows from using the property at this stage of operations. In estimating fair value less costs of disposal, management did not have observable or unobservable inputs to estimate the recoverable amount greater than $nil. As this valuation technique requires management's judgement and estimates of the recoverable amount, it is classified within Level 3 of the fair value hierarchy.

Gas Tap

On February 27, 2019, the Corporation issued 12,705,000 common shares with an estimated fair value of $8,258,250 of the Corporation in exchange for 100% of the issued and outstanding common shares of Gas Tap Corp. The subsidiary has substantial natural gas reserves in the Barnett Shale, Texas which consists of 10 shut-in natural gas wells (8 horizontal wells and 2 vertical wells) on 1,400 acres located in the Fort Worth Basin.

7. Bank debt

In 2019, the Corporation obtained a demand loan facility of $150,000 to finance the day-to-day operations. Any advances drawn on the facility bear interest at prime plus 2% per annum and is secured by a general security agreement providing a first security interest on all present and after acquired property of the Corporation and full guarantee of the facility by two specific board members of the Corporation. The facility is subject to annual review by the lender.

8. Accounts payable and accrued liabilities

		2020		2019
Trade payables	$	819,951	$	26,113
Accounts payable to related parties (Note 11)		479,281		265,300
Other accrued liabilities		148,092		214,868
	$	1,447,324	$	506,281

(amounts in Canadian dollars).

9. Promissory note payable

On January 31, 2019, the Corporation entered into an unsecured promissory note with Aggressive Drilling Ltd in the amount of $100,000. The Promissory note has an interest rate of $12% per annum and was due March 31, 2019. Additional risk premiums and penalties for non-payment at the maturity date totaled an additional $40,000 owing to Aggressive Drilling Ltd. Interest payments were not made during the year resulting in an additional $11,000 of accrued interest owing in 2019 which is reflected in the balance payable.

10. Due to related parties

The Subsidiary was advanced $12,527 ($8,650 USD) by an individual shareholder. The loan is unsecured and has no fixed terms of repayment.

The Corporation entered into an unsecured Promissory note with an executive, who is also a shareholder, in the amount of $101,257. The Promissory note has an interest rate of $12% per annum and a maturity date of June 30, 2020. Additional risk premiums totaled an additional $20,000 owing to the related party. At period end, $42,794 (2019 - $54,294) was remaining owing to the related party.

11. Decommissioning Obligations

The Corporation's decommissioning obligations result from net ownership interest in natural gas properties. The Corporation estimates the total undiscounted cash flows required to settle its decommissioning liabilities is approximately $290,724. An inflation factor of 2.0% has been applied to the estimated asset retirement cost. A discount rate of 2.28% was used to calculate the fair value of decommissioning obligations. No significant changes in the timing of the estimated future obligations and change in the discount rate resulted in an increase in the present value of the decommissioning obligations.

Balance, December 31, 2019	$	281,165
Addition due to business combination		-
Accretion		-
Balance, March 31, 2020	$	281,165

12. Leases

The Corporation has a lease for the office building which is reflected on the statement of financial position as a right-of-use asset and a lease liability.

The lease for the office building is a 3 year fixed payment lease expiring September 2022.

Right-of-use asset

Additional information on the right-of-use asset is as follows:

Balance, December 31, 2019	$	92,141
Additions		-
Amortization		(8,377)
Balance, March 31, 2020	$	83,764

(amounts in Canadian dollars).

The right of use asset is amortized straight line over the life of the lease.

Lease liability

Balance, December 31, 2019	$	92,569
Additions		-
Payments		(8,120)
Balance, March 31, 2020	$	84,449

Lease liabilities are presented in the statement of financial position as follows:

		2020
Current	$	29,658
Non-current		62,911
Balance, March 31, 2020	$	92,569

The undiscounted maturity analysis of the lease liabilities at March 31, 2020 is as follows:

		2020		**2021**		**2022**		**Total**
Minimum lease payments	$	40,723	$	40,723	$	30,542	$	111,988
Finance charges		(11,065)		(6,652)		(1,702)		(19,419)
Net present value	$	29,658	$	34,071	$	28,840	$	92,569

At March 31, 2020, there were no leases not recognized as a liability.

13. Share capital

The authorized share capital of the Corporation is an unlimited number of common shares without par value and an unlimited number of preferred shares, issuable in series, with the rights, privileges, restrictions and conditions designated by the Board of Directors at the time of issuance.

2019 transactions

On February 27, 2019, the Corporation issued 12,705,000 (post-consolidation) common shares of the Corporation as consideration for the purchase of 100% of the issued and outstanding common shares of a privately-held company (the “Subsidiary”) with substantial natural gas reserves in the Barnett Shale, Texas. On the date of acquisition, the common shares of Aurex had an estimated fair value of $0.65 per share (post consolidation) for a total non-cash consideration of $8,258,250.

On July 19, 2019 the Corporation closed a private placement announced June 26, 2019, for gross proceeds of $489,100. The Offering consists of the issuance of an aggregate of 1,956,400 Units at a price of $0.32 per Unit. Each Unit consists of one common share in the capital of the Company and one-half common share purchase warrant with each full Warrant entitling the holder to acquire one Common Share at a price of $0.30 per Common Share, for a period of 18 months from the closing of the Offering. In connection with the Offering, there were no cash commissions paid. The proceeds of $489,100 were allocated $361,934 to the common shares and $127,166 to Warrants.

During the year, 768,590 Warrants expired with a stated capital of $139,949.

The following weighted average assumptions were used in the Black-Scholes pricing model to determine the value of the share purchase warrants:

(amounts in Canadian dollars).

	2020	2019
Market price of common share on issuance	-	$0.185
Expected stock price volatility	-	346%
Expected life of warrants	-	18 months
Risk free interest rate	-	1.74%
Expected dividend yield	-	0%
Forfeiture rate	-	0%
Fair value of warrant	-	$0.018

Each Warrant issued in 2018 entitles the holder thereof to acquire one common share of the Corporation at $0.05 per share for 24 months following the closings. Each Warrant issued in 2019 entitles the holder thereof to acquire one common share of the Corporation at $0.30 per share for 18 months following the closings.

Stock options

The Corporation has established a stock option plan pursuant to which options to purchase common shares may be granted to certain officers, directors and contractors of the Corporation as well as persons providing ongoing services to the Corporation. The aggregate number of shares issuable under the plan shall not exceed 10% of the issued and outstanding common shares of the Corporation. Unless otherwise determined by the Board of Directors of the Corporation, the exercise price of options equals the closing price of the common shares on the day prior to the date of the grant. Stock options vest in accordance with the determination of the Board at the time of the grant and may be granted for up to a ten year term.

A summary of the status of the Corporation's stock option plan as at March 31, 2020 is as follows:

	2020		2019	
	Number of options	Weighted Average Exercise Price	Number of Options	Weighted Average Exercise Price
Outstanding, beginning of period	665,385	$ 3.59	665,385	$ 3.59
Outstanding, end of period	665,385	$ 3.59	665,385	$ 3.59
Exercisable, end of period	665,385	$ 3.59	665,385	$ 3.59

665,385 stock options outstanding and exercisable at March 31, 2020 have a weighted average remaining contractual life of 5.84 years.

(amounts in Canadian dollars).

Share purchase warrants

A summary of the status of the Corporation's share purchase warrants as at March 31, 2020 is as follows:

	2020			2019		
	Number of Warrants		Weighted Average Exercise Price	Number of Warrants		Weighted Average Exercise Price
Outstanding, beginning of period	2,105,354	$	1.30	1,895,744	$	1.30
Issued	-		-	978,200		0.30
Expired	-		-	(768,590)		(1.30)
Outstanding, end of period	2,105,354	$	1.30	2,105,354	$	0.84

As at March 31, 2020, the share purchase warrants have a weighted average remaining contractual life of 0.51 years (2019 – 1.01) years. Each warrant entitles the holders thereof the right to purchase one common share as follows:

Number of Warrants		Price Per Share	Expiry Date
476,923	$	1.30	June 7, 2020
485,615	$	1.30	July 17, 2020
164,615	$	1.30	August 6, 2020
978,200	$	0.30	January 19, 2021
2,105,354			

14. Related party transactions

Key management personnel include those persons having authority and responsibility for planning, directing and controlling the activities of the Corporation as a whole. The Corporation has determined that this consists of corporate officers, executive and non-executive members of the Corporation's Board of Directors and companies owned by these individuals. During the period, the Corporation was charged $97,300 (2019 - $205,285) by key management personnel for management fees, which $37,500 (2018 - $177,160) is included in professional fees and $80,800 is included in wages. Included in accounts payable and accrued liabilities, including amounts relating to prior years charges, is $479,281 (2019 - $371,395) payable as funds become available without interest. There are two notes payable to related parties of the Corporation outstanding at period end for a combined amount of $42,794.

(amounts in Canadian dollars).

15. Supplemental cash flows information

Changes in non-cash working capital for the periods ended March 31, 2020 is comprised of:

Provided by (used in):		**2020**	**2019**
GST recoverable	$	2,515	(6,023)
Accounts payable and accrued liabilities		66,439	47,805
Due to related parties		83.113	-
Translation adjustment		-	1,859
	$	152,067	43,641

Non-cash transactions for the period ended:

December 31, 2019

- Issuance of 12,705,000 common shares in the amount of $8,258,250 for the acquisition of Gas Tap Corp. (Note 18) in 2019.

- Issuance of 1,956,400 common shares and 978,200 warrants in the amount of $489,100 for the settlement of liabilities in 2019.

There was no interest or income taxes paid during the period ended March 31, 2020.

16. Commitments

The Corporation entered into a three year lease agreement for its office premises with monthly payments of $3,225, which expires on September 20, 2022.

During the year ended December 31, 2018 the Corporation issued and repaid a promissory note (“Note”) in the amount of $100,000 from a third party. The debt was unsecured with interest at 5% per annum and was payable on demand. In addition the Corporation has agreed to issue to the debtor bonus shares in an amount equal to 20% of the value of the Note divided by the market price of the Corporation’s common shares on the TSX Venture Exchange. On the date of receipt of the funds, the market price of the common shares was trading at $0.025, resulting in an obligation by the Corporation to issue 800,000 common shares for the bonus interest in the amount of $20,000. The issuance of these common shares are subject to approval by the TSX Venture Exchange (“TSX”). As at period end the Corporation has not received approval by TSX. The $20,000 is included in finance expenses and other accrued liabilities. The market value of shares at year end remained the same as date of issuance resulting in no change in the amount initially recorded.

The Corporation issued a promissory note (“Note”) of $100,000 to a third party on January 31, 2019. The debt is unsecured with interest at 12% per annum and was due on March 31, 2019 which has been extended until the Corporation has available cash to repay the Note. In addition the Corporation has agreed to either issue to the debtor bonus shares in an amount equal to 20% of the value of the Note divided by the market price of the Corporation’s common shares on the TSX Venture Exchange (discounted by 10%), or in lieu of bonus share issuance the debtor may elect to receive a cash payment in an amount equal to 20% of the value of the Note. At period end the date of repayment has been extended.

(amounts in Canadian dollars).

17. Segmented information

The Corporation has one operating segment and operations in the mining, exploration and development business. The Corporation's Board of Directors evaluates the performance of these two geographical locations and allocates resources based on certain measures. The Corporation operates in Canada and United States of America.

The information based on the geographical location of the assets is as follows:

March 31, 2020	**Canada**	**US**	**Consolidated**
Other assets	83,764	35,468	119,232
Exploration and evaluation assets	-	9,768,002	9,768,002
Total assets	$ 83,764	$ 9,803,470	$ 9,887,234

March 31, 2019	**Canada**	**US**	**Consolidated**
Other assets	61,554	8,291,961	8,353,515
Exploration and evaluation assets	4,125	1,334,572	1,338,697
Total assets	$ 66,968	$ 9,626,866	$ 9,693,834

18. Subsequent events

Subsequent to March 31, 2020, natural gas benchmark prices decreased substantially due to a drop in global natural gas demand triggered by the impact of the COVID-19 virus on the global economy. Subsequent to that, the prices increased substantially due to severe weather events along the Gulf Coast, and prices have since moderated. The recent volatility in the natural gas pricing environment may continue and could impact the Company's earnings and cash flows.

This Management Discussion and Analysis ("MD&A") of the financial condition and results of operations for Aurex Energy Corp. (formerly Canadian Platinum Corp.) (the "Corporation") is dated December 29, 2020 and should be read in conjunction with the Company's consolidated interim financial statements for the three months ended March 31, 2020, together with the accompanying notes thereto.

Management is responsible for the preparation and integrity of the consolidated interim financial statements, including the maintenance of appropriate information systems, procedures and internal controls and to ensure that information used internally or disclosed externally, including the consolidated financial statements and MD&A, is complete and reliable. The Company's Board of Directors follows recommended corporate governance guidelines for public companies to ensure transparency and accountability to shareholders. The Board's audit committee meets with management quarterly to review the consolidated financial statements including the MD&A and to discuss other financial, operating and internal control matters.

Statements in this report that are not historical facts are forward-looking statements involving known and unknown risks and uncertainties, which could cause actual results to vary considerably from these statements. Readers are cautioned not to put undue reliance on forward-looking statements.

Additional information relating to the Corporation can be found on SEDAR at www.sedar.com.

Forward-looking Statements

This MD&A may contain certain forward-looking statements with respect to the Corporation. These forward-looking statements are subject to both known and unknown risks and uncertainties which may cause actual results, performances or achievements to be materially different from those contemplated by such forward-looking statements. The Corporation considers the assumptions on which these forward-looking statements are based to be reasonable at the time they were prepared, but caution the reader that these assumptions regarding future events, many of which are beyond the control of management, may ultimately prove to be incorrect. The Corporation does not, except as required by law, undertake any obligation to publicly update or revise any forward-looking statements, whether as a result of new information, future events or otherwise.

Overview

Aurex Energy Corp. (formerly Canadian Platinum Corp.) is a Canadian-based, publicly listed company that trades on the TSX.V under the symbol "AURX".

On November 15, 2018 the Shareholders of the Corporation, at a Special Meeting of Shareholders, approved the consolidation of all of its issued and outstanding common shares on the basis of twenty-six (26) pre-consolidation Common Shares into one (1) Common Share. The consolidation occurred during the current period, along with the concurrent name change. All references to share, per share amounts, warrants and options in this MD&A have been retroactively restated to reflect the share consolidation.

The Corporation has incorporated a US subsidiary called Desert Strike Resources (US) Inc. At March 31, 2020, the subsidiary was not active.

On February 20, 2019, the Corporation acquired 100% of the issued and outstanding common shares of a privately-held US company with substantial natural gas reserves in the Barnett Shale, in the state of Texas.

The Corporation is an exploration stage company and has no revenues. The recoverability of amounts shown for exploration and evaluation assets is dependent upon the discovery of economically recoverable reserves, the ability of the Corporation to obtain the necessary approval and financing to complete the development, and future profitable production from the properties or proceeds from disposition. The

Corporation has, in the past, been dependent on raising cash through the sale of its common shares, either by way of private placement or through the exercise of warrants or options. The Corporation fully anticipates undertaking further private placements or public offerings in the future in order to finance business opportunities as they may arise.

Ownership in mineral 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 interests. The Corporation has investigated ownership of its mineral interests and, to the best of its knowledge, such ownership interests are in good standing.

Performance Summary

The Corporation has written down the value of its properties to the current assessed value of the projects and will continue to focus on developing its project portfolio to achieve near-term and longer-term goals. The Corporation had acquired a 70% working interest in the Cook Gold Project in Humboldt County, Nevada and had entered into an agreement to option a 50% working interest in the Whiskey Flats Project in Mineral County, Nevada, which was terminated subsequent to the end of the period. In addition, the Corporation has acquired 100% of the common shares of a privately-held company with substantial natural gas reserves in the Barnett Shale, Texas.

Subject to the availability of capital, the Corporation will continue to carry out exploration and development work on its projects as warranted. The Corporation may also seek out joint ventures and other opportunities to enhance shareholder value.

Assets of the Corporation

In addition to cash, deposits, prepaid expenses, and GST recoverable, the Corporation's major asset is its investment in natural resource properties, including minerals and natural gas. As of March 31, 2020, the Corporation's investment in exploration and evaluation assets totaled $9,768,002 as compared to $1,338,697 at March 31, 2019.

Exploration & Evaluation Assets

The Corporation continues to focus on strengthening its portfolio of natural resource exploration projects through strategic acquisitions and dispositions. The mineral project portfolio currently consists of the Cook Gold Project in Nevada, USA; the Peter Lake Cu-Ni-PGE-Co Project in Northern Saskatchewan; and the Craig Lake Base Metal Project in Northern Saskatchewan. The oil and gas assets consist of shut-in natural gas wells in the US operated by the corporation's wholly owned subsidiary Gas Tap Corp. Management continues to actively seek out and evaluate other projects that would be a good corporate fit and could be of interest to potential investors in the Corporation.

Peter Lake Cu-Ni-PGE-Co Project

The Peter Lake Property, located in northern Saskatchewan, approximately 110km south of Points North Landing, consists of 6 active mineral claims totaling 26,437 hectares. Additional mineral claims were allowed to expire since 2013 as management has determined the exploration activities in this area are no longer being pursued. The Corporation recognized a full impairment loss on this project and the carrying amount at March 31, 2020 is $nil.

Cook Gold Project

The Corporation has acquired a 70% working interest in the Cook Gold Project in Humboldt County Nevada. The property consists of 88 lode claims covering 7.4 sq km and is located 100km northwest of

Winnemucca, Nevada. There are no work commitments, but the Corporation does commit to keep the mineral claims in good standing by making the required annual fee payments of US$13,640 to the Bureau of Land Management. The property is subject to a 2.5% Net Smelter Royalty in favour of arm's length third parties. In 2018, the Corporation engaged Axiom Exploration, of Saskatoon, SK, to commence the first phase of exploration work on the project. Work completed by the date of this report includes an airborne magnetometer survey, an airborne hyperspectral survey, orthomosaic photogrammetry, initial geologic mapping and surface sampling. Assay results from the surface sampling confirmed high-grade gold and copper mineralization on the property.

Whiskey Flats Copper-Zinc Project

On February 21, 2018 the Corporation signed a formal option agreement (the "Option") with Silver Reserve Corp ("Optionor") to earn a 50% interest in the Whiskey Flats Copper-Zinc Project, a former-producing copper-zinc property in Mineral County, Nevada. The terms of the acquisition required the Corporation to issue 7,500,000 common shares of the Corporation and will require cash payments totaling US$200,000 over a 24-month period. The Corporation is required to incur US$250,000 in exploration expenditures over a 24-month period. The property consists of 12 patented lode claims and 47 unpatented lode claims covering approximately 1,200 acres and the Corporation has recorded an additional 30 mineral lode claims. Exploration work completed by the date of this report includes an airborne hyperspectral survey, and underground mapping and sampling of the historic mine workings. Assays results were reported in a news release dated March 14, 2019. The results confirmed significant copper-zinc-silver mineralization on the property. On April 28, 2020, the Corporation announced that the option agreement was terminated pursuant to the terms of the Agreement. As a result, the Corporation recorded an impairment loss in 2019 of $453,065.

Craig Lake/Flin Flon South

The Craig Lake/Flin Flon South property consists of 2 mining claim covering 3,505 hectares. The claims are subject to a 3% net smelter royalty which may be acquired by the Corporation, at any time, for a cash payment of $5,000,000. Management has not actively explored this property since 2014 recorded a full impairment loss on this project to December 31, 2019. Subsequently, the Corporation re-evaluated previous work and concluded that 2 DPEM targets warranted drilling. The Corporation is actively looking for a partner on the project.

Gas Tap Corp.-Barnett Shale, Texas, USA

On February 27, 2019, the Corporation acquired Gas Tap Corp. by issuing 12,705,000 common shares of the Corporation with an estimated fair value of $8,258,250, in exchange for 100% of the issued and outstanding common shares of Gas Tap Corp. The subsidiary is the operator of 10 shut-in natural gas wells (8 horizontal wells and 2 vertical wells) on 1,400 acres located in the Fort Worth Basin with substantial natural gas reserves in the Barnett Shale.

Total Proved Plus Probable Reserves are 25.6 Billion Cubic Feet ("BCF") of natural gas. The estimated Net Present Value ("NPV") of the net revenue (after all operating costs, royalties and taxes) from the Proved Plus Probable Reserves, using forecast pricing, discounted at 10%, is US$20.4 million. Peak operating cash-flow (before income taxes), after reworking all wells, is estimated at US$8.5 million per year. Estimated reserves and economic valuations are from a NI51-101 report titled "Appraisal Of Certain Oil And Gas Interests located In Hill, Hood, Parker And Tarrant Counties, Texas As Of January 1, 2020" prepared by a Qualified Reserves Evaluator ("QRE"), MKM Engineering, for Canadian Platinum Corp. (now Aurex Energy Corp.) and dated June 8, 2020.

In December 2019, the Corporation entered into a revenue sharing arrangement with an arms-length third party to provide funding in 2020 for the initial reworking of 3 natural gas wells. In part due to the subsequent Covid-19 pandemic, and partly due to international regulatory issues related to funding, both beyond the Corporation's control, this arrangement has been delayed.

Results of Operations

The Corporation has no material revenues and is dependent upon both satisfactory results from exploration and access to capital on reasonable terms in order to advance its projects.

Selected Annual Financial Information

	2020(1)	2019	2018
Net loss	($157,043)	($1,834,063)	($2,930,730)
Basic and diluted loss per share	($0.01)	($0.08)	($0.34)
Total assets	$9,936,528	$9,943,458	$1,359,465

(1) Current year includes only Q1

Selected Quarterly Financial Information

The following quarterly financial data is derived from the consolidated financial statements of the Corporation for the three-month periods ended on the dates indicated below:

	Mar 31/20	Dec 31/19	Sep 30/19	Jun 30/19
Total assets	$9,936,528	$9,943,458	$9,839,907	$9,803,052
Exploration and evaluation assets	$9,768,002	$9,768,002	$1,472,079	$1,441,079
Working capital deficiency	($2,092,373)	($1,596,634)	($478,563)	($715,483)
Shareholders' equity	$7,794,860	$7,951,903	$9,287,522	$9,086,483
Net loss	($157,043)	($1,429,648)	($116,820)	($176,413)
Loss per share (basic and diluted)	$(0.01)	$(0.06)	$(0.01)	$(0.01)
	Mar 31/19	Dec 31/18	Sep 30/18	Jun 30/18
Total assets	$9,693,834	$1,359,465	$3,742,684	$3,700,448
Exploration and evaluation assets	$1,338,697	$1,304,572	$3,696,072	$3,546,516
Working capital deficiency	($278,758)	($265,956)	($65,123)	($123,226)
Shareholders' equity	$9,187,543	$1,038,616	$3,630,949	$3,423,290
Net loss	($111,182)	($2,534,244)	($211,841)	($126,556)
Loss per share (basic and diluted)	$(0.01)	$(0.30)	$(0.02)	$(0.01)

Comparison of the Three Months Results

During the quarter ended March 31, 2020, the Company reported a net loss of $152,511 ($111,182 in 2019).

The following is a comparison of significant items from operations: office expenses of $548 ($10,408 in 2019), amortization of lease payments $8,377 ($nil in 2019), marketing expenses of $nil ($5,362 in 2019), professional fees of $54,000 ($42,413 in 2019), wages of $80,800 ($nil in 2019), and transfer agent fees of $6,608 ($7,745 in 2019).

Capital Expenditures

The Corporation used its cash on hand for the acquisition and exploration of mineral properties. During the period ended March 31, 2020, the Corporation incurred $nil in capital expenditures as compared to $34,125 for the same period in 2019.

Financial Condition/Liquidity/Capital Resources

The Corporation has historically relied upon advances from its shareholders and directors and the equity capital markets to raise funds to finance its mineral property acquisitions and exploration programs. As of March 31, 2020, the Corporation has a cash balance of $8,257 to fund its future activities. In addition, the directors have advanced funds to the Corporation since 2013 to fund general and administrative expenses. These advances are non-interest bearing, unsecured and have no set terms of repayment.

In 2019, the Corporation obtained a demand loan facility of $150,000 to finance the day-to-day operations. Any advances drawn on the facility bear interest at prime plus 2% per annum and is secured by a general security agreement providing a first security interest on all present and after acquired property of the Corporation and full guarantee of the facility by two specific board members of the Corporation. The facility is subject to annual review by the lender.

Share Capital

The authorized share capital of the Corporation is unlimited number of common shares without par value and an unlimited number of preferred shares, issuable in series, with the rights, privileges, restrictions and conditions designated by the Board of Directors at the time of issuance.

2019 transactions

On February 27, 2019, the Corporation issued 12,705,000 (post-consolidation) common shares of the Corporation as consideration for the purchase of 100% of the issued and outstanding common shares of a privately-held company (the "Subsidiary") with substantial natural gas reserves in the Barnett Shale, Texas. On the date of acquisition, the common shares of Aurex had an estimated fair value of $0.65 per share (post consolidation) for a total non-cash consideration of $8,258,250.

On July 19, 2019, the Corporation closed a private placement, announced June 26, 2019, for gross proceeds of $489,100. The Offering consists of the issuance of an aggregate of 1,956,400 Units at a price of $0.25 per Unit. Each Unit consists of one common share in the capital of the Company and one-half common share purchase warrant with each full Warrant entitling the holder to acquire one Common Share at a price of $0.30 per Common Share, for a period of 19 months from the closing of the Offering. In connection with the Offering, there were no cash commissions paid. The proceeds of $489,100 were allocated $361,934 to the common shares and $127,166 to Warrants.

During the year 768,590 Warrants expired with a stated capital of $139,949.

Each Warrant issued in 2017 and 2018 entitles the holder thereof to acquire one common share of the Corporation at $0.05 per share for 24 months following the closings. The warrants issued in 2020 entitle the holder thereof to acquire one common share of the Corporation at $0.30 per share for 18 months following the closing.

At March 31, 2020, and the date hereof, there were 23,940,548 common shares outstanding, 2,105,354 warrants, and 665,385 stock options outstanding in the capital of the Corporation.

Stock options

The Corporation has established a stock option plan pursuant to which options to purchase common shares may be granted to certain officers, directors and contractors of the Corporation as well as persons providing ongoing services to the Corporation. The aggregate number of shares issuable under the plan shall not exceed 10% of the issued and outstanding common shares of the Corporation. Unless otherwise determined by the Board of Directors of the Corporation, the exercise price of options equals the closing price of the common shares on the day prior to the date of the grant. Stock options vest in accordance with the determination of the Board at the time of the grant and may be granted for up to a ten-year term.

665,385 stock options outstanding and exercisable at March 31, 2020 have a weighted average remaining contractual life of 5.84 years.

Options outstanding and exercisable		Exercise Price
665,385	$	1.30

Share purchase warrants

As at March 31, 2020, the share purchase warrants have a weighted average remaining contractual life of 0.76 years (2019 – 1.26) years. Each warrant entitles the holders thereof the right to purchase one common share as follows:

Number of Warrants		Price Per Share	Expiry Date
476,923	$	1.30	June 7, 2020
485,615	$	1.30	July 17, 2020
164,615	$	1.30	August 6, 2020
978,200	$	0.30	January 19, 2021
2,105,354			

Related Party Transactions

Key management personnel include those persons having authority and responsibility for planning, directing and controlling the activities of the Corporation as a whole. The Corporation has determined that this consists of corporate officers, executive and non-executive members of the Corporation's Board of Directors and companies owned by these individuals. During the period, the Corporation was charged $97,300 (2019 - $205,285) by key management personnel for management fees, which $37,500 (2019 - $177,160) is included in professional fees and $80,800 is included in wages. Included in accounts payable and accrued liabilities, including amounts relating to prior years charges, is $479,281 (2019 - $371,395) payable as funds become available without interest. There are two notes payable to related parties of the Corporation outstanding at period end for a combined amount of $42,794.

Newly adopted accounting pronouncements

IFRS 16 "Leases"

IFRS 16 'Leases' replaces IAS 17 'Leases'. The adoption of this new Standard has resulted in the Corporation recognizing a right-of-use asset and related lease liability in connection with all former operating leases except for those identified as low-value or having a remaining lease term of less than 12 months from the date of initial application.

The Company adopted IFRS 16 using the modified retrospective method and has not restated comparatives for the 2019 reporting period, as permitted under the specific transitional provisions in the standard. The Company also elected to not recognize right of use assets and lease liabilities that have a lease term of 12 months or less and leases of low-value assets.

For contracts in place at the date of initial application, the Corporation has elected to apply the definition of a lease from IAS 17 and IFRIC 4 and has not applied IFRS 16 to arrangements that were previously not identified as lease under IAS 17 and IFRIC 4.

The Corporation has elected not to include initial direct costs in the measurement of the right-of-use asset for operating leases in existence at the date of initial application of IFRS 16, being 1 January 2019. At this date, the Corporation has also elected to measure the right-of-use assets at an amount equal to the lease liability adjusted for any prepaid or accrued lease payments that existed at the date of transition.

Instead of performing an impairment review on the right-of-use assets at the date of initial application, the Corporation has relied on its historic assessment as to whether leases were onerous immediately before the date of initial application of IFRS 16.

The adoption of IFRS 16 resulted in the recognition of a right of use asset and a lease liability measured at the present value of the future lease payments on the consolidated statements of financial position for a majority of its leases that are considered operating leases under IAS 17. An amortization expense on the right of use asset and an interest expense on the lease liability has replaced the operating lease expense.

In accordance with the transition to IFRS 16 as at January 1, 2019, the Company recorded recognized right of use assets of $nil and lease liabilities of $nil. When measuring lease liabilities, the Company discounted lease payments using its incremental borrowing rate at January 1, 2019. The weighted-average rate applied is 14%.

Financial Instruments and Other Instruments

The Corporation's financial instruments consist of cash, bank debt, promissory note payable, due to related parties, accounts payable and accrued liabilities and agreement payable. It is management's opinion that the Corporation is not exposed to significant liquidity, market or credit risks arising from its financial instruments and that the fair value of these financial instruments approximates their carrying values.

Liquidity risk is the risk that the Corporation will not be able to meet its financial obligations as they are due. The Corporation's approach to managing liquidity is to ensure that it will have sufficient liquidity to meet its liabilities when due. The Corporation will need to complete further equity issuances, issue debt or postpone/cease certain expenses and/or exploration and evaluation asset expenditure in order to settle all financial liabilities in the next twelve months.

Foreign currency risk is the exposure arising from transactions and balances denominated in foreign currencies. The Corporation's foreign currency risk arises primarily with respect to the United States dollar. Fluctuations in the exchange rates between this currency and the Canadian dollar could have a material effect on the Corporation's exploration activities and business operations in the state of Nevada.

Credit risk is the risk of an unexpected loss if a customer or third party to a financial instrument fails to meet its contractual obligations. Credit risk is managed by placing cash in a major Canadian financial institution.

Risk Factors

Mineral exploration and evaluation involves a high degree of risk and few properties that are explored are ultimately developed into producing mines. There is no assurance that the Corporation's mineral exploration and evaluation activities will result in any discoveries of new bodies of commercial ore. There is also no assurance that presently identified mineralization can be mined at a profit. Discovery of mineral deposits is dependent upon a number of factors and significantly influenced by the technical skill of the exploration personnel involved. The commercial viability of a mineral deposit is also dependent upon a number of factors, some of which are beyond the Corporation's control such as government policies and regulation and environmental protection.

There is a degree of uncertainty attributable to the calculation of resource tonnages and grades. Resource estimates are dependent partially on statistical influences drawn from drilling, sampling and other data. The measured and indicated and inferred resource figures set forth by the Corporation are estimates, and there is no certainty that these resources can be converted into reserves with profitable extraction. Declines in the market prices for metals may adversely affect the economics of converting a resource estimate into a reserve.

Whether the oil and gas reserves in the Corporation's subsidiary can be economically extracted may depend on factors beyond the Corporation's control. These factors include market fluctuations for oil and gas; the costs of access and surface rights; and government regulations governing prices, taxes, royalties, land tenure, land use, importing and exporting of resources and environmental protection.

The Corporation is dependent on debt and equity financing to carry out its future exploration and evaluation plans and maintain its mineral properties in good standing. This also applies to the development of the Corporation's oil and gas reserves. There can be no assurance that such financing will be available to the Corporation.

Corporate Governance

Management of the Corporation is responsible for the preparation and presentation of the consolidated financial statements and the accompanying notes, the MD&A, and other information contained in this report.

Management also has the responsibility for the maintenance of adequate accounting records and internal controls, prevention and detection of fraud and errors, safeguarding of assets, selection, and application of suitable policies, and appropriate disclosure and the timely disclosure of financial information in the consolidated financial statements. The preparation of the consolidated financial statements in accordance with generally accepted accounting principles is also the responsibility of management.

Subsequent events

Subsequent to March 31, 2020, natural gas benchmark prices decreased substantially due to a drop in global natural gas demand triggered by the impact of the COVID-19 virus on the global economy. Subsequent to that, the prices increased substantially due to severe weather events along the Gulf Coast, and prices have since moderated. The recent volatility in the natural gas pricing environment may continue and could impact the Company's earnings and cash flows.