AUREX ENERGY CORP

(formerly Canadian Platinum Corp.)

Consolidated Interim Financial Statements

For the six months ended June 30, 2019

(expressed in Canadian Dollars)

260-2366 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 six months ended June 30, 2019 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 June 30, 2019
(amounts in Canadian dollars)

Assets	**Notes**		**Jun 30, 2019**		**Dec 31, 2018**
Current assets					
Cash		$	1,082	$	1,743
Foreign exchange			-		-
Prepaid expenses			42,139		42,139
GST recoverable			25,167		11,011
Total current assets			68,388		54,893
Gas Tap Investment			8,258,250		-
Loans Receivable			35,335		-
Exploration and evaluation assets	6		1,441,079		1,304,572
Total assets		$	9,803,052	$	1,359,465
Liabilities					
Current liabilities					
Accounts payable and accrued liabilities	7	$	520,565	$	320,849
Unissued share liability	8		196,000		-
Total liabilities			716,565		320,849
Shareholders' Equity					
Share capital	8		25,101,000		16,842,750
Warrants	8		501,049		501,049
Contributed surplus			3,659,636		3,659,636
Deficit			(20,175,202)		(19,964,879)
Total shareholders' equity			9,086,483		1,038,616
Total liabilities and shareholders' equity		$	9,803,052	$	1,359,465
Going concern	2				
Commitments	11				
Subsequent events	13				

See accompanying notes to the consolidated financial statements.

Approved by the Board:

(Signed) "Gary Billingsley"_____, Director

(Signed) "Douglas Billingsley"_____, Director

AUREX ENERGY CORP

(formerly Canadian Platinum Corp.)
Consolidated Interim Statements of Loss
For the Three and Six Months Ended June 30
(amounts in Canadian dollars)

		3 months		6 months	
	Notes	**2019**	**2018**	**2019**	**2018**
Expenses					
Marketing and promotion		$ 11,370	$ 34,664	$ 16,731	$ 57,942
Office and other		15,737	12,599	28,147	24,273
General exploration		1,228	-	1,228	-
Professional fees	9	121,289	13,233	161,564	27,953
Filing fees		25,740	2,453	69,377	7,653
Foreign exchange loss		-	-	1,328	-
Transfer agent		50	5,467	7,795	8,650
Total expenses					
Loss from operations		(175,414)	(68,416)	(286,170)	(126,438)
Finance expense		999	51	1,288	118
Loss for the period		$ (176,413)	$ (68,467)	$ (287,458)	$ (126,556)
Basic and diluted loss per share (24,545,238 weighted average common shares)		$ (0.01)	$ (0.00)	$ (0.01)	$ (0.00)

See accompanying notes to the consolidated interim financial statements.

(formerly Canadian Platinum Corp.)
Consolidated Interim Statements of Changes in Shareholders' Equity
For the Six Months Ended June 30
(amounts in Canadian dollars)

	Notes	Number of common shares	Share Capital stated value	Number of Warrants	Warrants stated value	Contributed surplus	Deficit	Total equity
Balance at January 1, 2018		**204,450,829**	**$16,324,350**	**19,983,333**	**$139,949**	**$3,659,636**	**$(17,034,089)**	**$3,089,846**
Acquisition of exploration and evaluation assets	8	19,900,000	150,000	12,400,000	155,000	155,000	-	460,000
Loss and comprehensive loss		-	-	-	-	-	(126,556)	(126,556)
Balance at June 30, 2018		**224,350,829**	**$16,474,350**	**19,983,333**	**$194,949**	**$3,919,636**	**($17,265,645)**	**$3,423,290**
\								
Balance at January 1, 2019		**241,256,829**	**$16,842,750**	**49,289,333**	**$501,049**	**$3,659,636**	**($19,994,636)**	**$1,008,799**
Consolidation		(231,977,720)		(47,393,589)				
Acquisition of Gas Tap	8	12,705,000	8,258,250	-	-	-	-	8,258,250
Translation adjustment							106,892	106,892
Loss and comprehensive loss		-	-	-	-	-	(287,458)	(287,458)
Balance at June 30, 2019		**21,984,109**	**$25,101,000**	**1,895,744**	**$501,049**	**$3,659,636**	**($20,175,202)**	**$9,086,483**

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 and Six Months Ended June 30
(amounts in Canadian dollars)

		3 months		6 months	
	Notes	**2019**	**2018**	**2019**	**2018**
Cash provided by (used in):					
Operating activities					
Loss and comprehensive loss for the year		$ (176,413)	$ (68,467)	$ (287,458)	$ (126,556)
Adjustments for:					
Unrealized foreign exchange loss		-	-	1,328	-
Changes in non-cash working capital	10	93,439	(15,135)	135,084	(94,965)
Net cash used in operating activities		(82,924)	(83,602)	(151,046)	(221,521)
Financing activities					
Proceeds from promissory note	11	80,000	-	180,000	-
Sale of shares	8	-	310,000	-	460,000
Advances from related parties		-	190,000		190,000
Issuance of shares for acquisition	8	-	-	8,258,250	-
Net cash from financing activities		80,000	500,000	8,438,250	650,000
Investing activities					
Exploration and evaluation expenditures	6	(102,382)	(292,870)	(136,507)	(466,870)
Gas Tap investment	8	-	-	(8,258,250)	-
Changes in non-cash working capital	10	105,033	-	106,892	-
Net cash used in investing activities		2,651	(292,870)	(8,287,865)	(466,870)
Change in cash		(323)	123,528	(661)	(38,391)
Cash, beginning of period		1,405	17,559	1,743	170,478
Cash, end of period		$ 1,082	$ 141,087	$ 1,082	$ 141,087

Supplemental cash flow information 10

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 mining properties in the province of Saskatchewan, Alberta, Canada and in the state of Nevada, United States of America. The mineral properties of the Corporation are all in the exploration stage. The address of business of the Corporation is Suite 260 – 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 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.

The Corporation has incorporated a US subsidiary called Desert Strike Resources (US) Inc. (Note 3(c)). At June 30, 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. (see Note 8)

These consolidated financial statements were approved and authorized for issuance by the Board of Directors on August 27, 2019.

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 $287,458 (2018 - $126,556) for the period ended June 30, 2019 and has an accumulated deficit of $20,175,202 (2018 - $17,265,649) and working capital deficiency of $715,483 at June 30, 2019 (2018 - $123,226). 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.

(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 acquisition

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.

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, 2018, and have been consistently followed in the preparation of these condensed consolidated interim financial statements.

Recent accounting pronouncements

<u>Pronouncement effective for annual periods beginning on or after January 1, 2019</u>

IFRS 16 "Leases"

The IASB has developed a new standard, IFRS 16 *"Leases",* which supersedes IAS 17 *"Leases".* IFRS 16 sets out principles for the recognition, measurement, presentation and disclosure of leases for both parties to a contract, i.e. the customer ("lessee") and the supplier ("lessor"). Lessee accounting will change substantially under this new standard while there is little change for the lessor. IFRS 16 eliminates the classification of leases as either operating leases or financing leases and, instead, introduces a single lessee accounting model. A lessee will be required to recognize assets and liabilities for all leases with a term of more than 12 months (unless the underlying asset is of low value) and will be required to present depreciation of leased assets separately from interest on lease liabilities in the consolidated statement of loss.

The Corporation plans to adopt IFRS 16 retrospectively with a cumulative adjustment to deficit and no restatement of comparative prior periods. The Corporation has not yet completed its evaluation of the effect of adopting this standard and the impact it may have on its consolidated 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 June 30, 2019.

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 June 30, 2019, the Company had current assets available of $1,082 to settle current liabilities of $716,565.

At June 30, 2019, the Corporation's accounts payable and accrued liabilities are all due within the next year. In addition, the Corporation is committed to spend $310,000 by December 31, 2019 on qualifying expenditures relate to its flow-through share obligation and $250,000US in the next two years related to the Whiskey Flats Project (Note 6) and required to make two additional payments related to the Whiskey Flats Project of US$66,666 June 1, 2019 and US$66,666 June 1, 2020. To June 30, 2019, the Corporation has spent approximately $NIL related to the flow-through share obligation and $140,000CDN towards the Whiskey Flats Project obligation. The payment due on June 1, 2019 has been deferred.

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 June 30, 2019, the Corporation does not have any US denominated financial instruments:

(amounts in Canadian dollars)

(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 June 30, 2019.

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

	June 30, 2019	December 31, 2018
Shareholders' equity	$ 9,086,483	$1,038,616

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 June 30, 2019.

(amounts in Canadian dollars)

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, 2017	Net Additions	December 31, 2018	Net Additions	June 30, 2019
Peter Lake(Canada)					
Property acquisition costs	$ 586,632	$ -	$ 586,632	$ -	$ 586,632
Geological and consulting	3,963,348	-	3,963,348	-	3,963,348
Drilling	5,915,340	-	5,915,340	-	5,915,340
Impairment loss	(7,965,320)	(2,500,000)	(10,465,320)	-	(10,465,320)
	2,500,000	-	-	-	-
Cook Gold Project(US)					
Acquisition	521,970	-	521,970	-	521,970
Geological and consulting	56,250	341,260	397,510	(10,818)	386,692
	578,220	341,260	919,480	(10,818)	908,662
Whiskey Flats Project(US)					
Acquisition	-	239,860	239,860	-	239,860
Geological and consulting	-	141,107	141,107	147,325	288,432
	-	380,967	380,967	147,325	528,292
Craig Lake(Canada)					
Geological and consulting	1,425	2,700	4,125	-	4,125
	1,425	2,700	4,125	-	4,125
Total exploration and evaluation assets	$ 3,079,645	$ (1,670,310)	$ 1,304,572	$ 136,507	$ 1,441,079

During the period, the Corporation capitalized salaries of $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 December 31, 2018 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. During the current year 6 claims covering 12,558 hectares were allowed to lapse and may be restaked at a later date. 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 accumulative impairment loss of $7,965,320 to December 31, 2017 and has recorded a further impairment loss during the current year of $2,500,000. 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 June 30, 2019 the Corporation had $4,465,043 in assessment credits. 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, 2021;
1 claim covering 5,621 hectares until August 12, 2022;
2 claims covering 8,039 hectares until August 12, 2024; and
2 claims covering 7,528 hectares until August 12, 2034

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, was completed on the property during 2018.

Craig Lake

The Craig Lake property consists of 1 mining claim in Saskatchewan covering 2,764 hectares. This claim is 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. As at March 31, 2019 the Corporation had $369,423 in assessment credits to offset the $41,460 of required expenditures on the Craig Lake claims. The assessment credits are sufficient to keep the current claim in good standing 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 of which US$66,666 paid to date and the balance due as follows: US$66,666 June 1, 2019 and US$66,666 June 1, 2020. The 50% interest title transfer will 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. Once the final cash payment is made on June 1, 2020, the Corporation and the Owner will enter into a joint venture arrangement governing the operation and development of the Whiskey Flats Project. The June 1, 2019 payment has been deferred.

(amounts in Canadian dollars)

There are no work commitments other than the annual maintenance fee and per the agreement noted above, the Corporation is required to incur US$125,000 per year in exploration expenditures over a 2 year period and the Corporation must bring the facility to a state suitable for commercial production by June 21, 2021 as noted in the agreement with Owner. To June 30, 2019, the Corporation has spent approximately $140,000 towards the Whiskey Flats Project obligation.

Initial exploration work, including an airborne hyperspectral survey and underground mapping and sampling was completed on the property during 2018.

7. Accounts payable and accrued liabilities

		2019		2018
Trade payables	$	39,411	$	87,158
Accounts payable to related parties (Note 11)		269,300		164,375
Other accrued liabilities		407,854		25,625
	$	716,565	$	277,158

8. 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.

2018 transactions

During the year ended December 31, 2018, the Corporation issued 7,500,000 common shares of the Corporation as initial consideration for the purchase of a 50% working interest in the Whiskey Flats Copper-Zinc Project. (Note 6) These shares had an estimated fair value of $0.02 per share for a total non-cash consideration of $150,000.

On June 7, 2018, the Corporation closed a private placement of flow-through ("FT") financing offering which resulted in the issuance of 12,400,000 Units at a purchase price of $0.025 per Unit for gross proceeds of $310,000. Each FT Unit consists of one FT common share and one common share purchase warrant ("Warrant"). The fair value of the Unit of $310,000 was allocated $159,000 to the common shares, $151,000 to the Warrants.

On July 17, 2018 and August 6, 2018 the Corporation closed private placement financing offerings which resulted in the issuance of 16,906,000 Units at a purchase price of $0.025 per Unit for gross proceeds of $422,650. Each Unit consisted of one common share and one common share purchase warrant ("Warrant"). Issuance costs associated with the private placements amounted to $3,150 for net proceeds of $419,500. The fair value of the Unit of $419,500 was allocated $209,400 to the common shares and $210,100 to the Warrants.

On November 15, 2018 the Shareholders of the Corporation, at a Special Meeting of Shareholders, approved the consolidation all of its issued and outstanding common shares on the basis of twenty six (26) pre-consolidation Common Shares into one (1) Common Share.

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.

(amounts in Canadian dollars)

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. In addition, the Corporation incurred cash costs of $ 36,690 related to this acquisition.

Prior to period end, 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. Subsequent to period end, TSX approval was obtained for the Offering and the common shares issued. At period end, the Corporation recognized an unissued share liability.

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

	2018
Market price of common share on issuance	$0.02 to $0.025
Expected stock price volatility	300%
Expected life of warrants	2
Risk free interest rate	1.90%
Expected dividend yield	0%
Forfeiture rate	0%
Fair value of warrant	$0.018 to 0.023

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.

(amounts in Canadian dollars)

A summary of the status of the Corporation's stock option plan as at June 30, 2019 and 2018 is as follows:

	2019			2018		
	Number of options		Weighted Average Exercise Price	Number of Options		Weighted Average Exercise Price
Outstanding, beginning of period	17,300,000	$	0.09	17,300,000	$	0.09
Consolidation	(16,634,615)		-	-		-
Outstanding, end of period	665,385	$	1.30	17,300,000	$	0.09
Exercisable, end of period	665,385	$	1.30	17,300,000	$	0.09

665,385 stock options outstanding and exercisable at June 30, 2019 have a weighted average remaining contractual life of 6.59 years.

Share purchase warrants

A summary of the status of the Corporation's share purchase warrants as at June 30, 2019 and 2018 is as follows:

	2019			2018		
	Number of Warrants		Weighted Average Exercise Price	Number of Warrants		Weighted Average Exercise Price
Outstanding, beginning of period	49,289,333	$	0.05	19,983,333	$	0.05
Consolidation	(47,393,589)		-	29,306,000		0.05
Outstanding, end of period	1,895,744	$	1.30	49,289,333	$	0.05

768,590 outstanding warrants are exercisable for a period of 24 months, expiring on November 21, 2019; 476,923 are exercisable for a period of 24 months, expiring on June 7, 2020; 485,615 are exercisable for a period of 24 months, expiring on July 17, 2020; and 164,616 are exercisable for a period of 24 months, expiring on August 6, 2020.

9. 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 $59,375 (2018 - $50,000) by key management personnel for management fees which $21,875 (2018 - $21,875) is included in professional fees and $28,125 (2018 - $28,125) was capitalized for geological and consulting work relating to the Cook Gold and Whiskey Flats Projects. Included in accounts payable and accrued liabilities, including amounts relating to prior years charges, is $269,300 (2018 - $90,000) payable as funds become available without interest.

(amounts in Canadian dollars)

10. Supplemental cash flows information

Changes in non-cash working capital for the periods ended June 30, 2019 and 2018 is comprised of:

Provided by (used in):		2019	3 months 2018		2019	9 months 2018
GST recoverable	$	(5,752)	(9,221)	$	(6,022)	1,088
Prepaid expenses		-	-		-	-
Translation adjustment		105,033	-		106,892	
Accounts payable and accrued liabilities		99,191	(5,913)		141,106	(80,917)
	$	198,472	(15,135)	$	241,976	(79,829)

Changes in non-cash working capital related to:

Operating activities	$	93,439	(15,135)	$	135,084	(79,829)
Investing activities		105,033	-		106,892	-
	$	198,472	(15,135)	$	241,976	(79,829)

Non-cash transactions for the period ended:

June 30, 2019 and 2018

- Issuance of 12,705,000 (2017 – 7,500,000) common shares in the amount of $8,258,250 (2018 - $150,000) for the acquisition of Gas Tap Corp.

There was no interest or income taxes paid during the periods ended June 30, 2019 or 2018.

11. Commitments

The Corporation entered into a one year lease agreement for its office premises with monthly payments of $1,295, which expires on October 31, 2019.

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 (Note 7). 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 June 30, 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)

During the current period, the Corporation obtained a demand loan facility of $50,000 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.

12. 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:

June 30, 2019	Canada	US	Consolidated
Current assets	$ 204	$ 878	$ 1,082
Other assets	67,306	8,293,585	8,360,891
Exploration and evaluation assets	4,125	1,436,954	1,441,079
Total assets	$ 71,635	$ 9,731,417	$ 9,803,052

June 30, 2018	Canada	US	Consolidated
Current assets	$ 153,932	$ -	$ 153,932
Exploration and evaluation assets	2,501,425	1,045,091	3,546,516
Total assets	$ 2,522,607	$ 1,045,091	$ 3,700,448

13. Subsequent events

Subsequent to period end, TSX approval was obtained for the Offering disclosed in Note 8 and the common shares issued.

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 August 27, 2019 and should be read in conjunction with the Company's consolidated interim financial statements for the six months ended June 30, 2019, 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 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.

The Corporation has incorporated a US subsidiary called Desert Strike Resources (US) Inc. At December 31, 2018, 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 has acquired a 70% working interest in the Cook Gold Project in Humboldt County, Nevada and acquired a 50% working interest in the Whiskey Flats Project in Mineral County, Nevada. In addition, subsequent to year end, 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, prepaid expenses, and GST recoverable, the Corporation's major asset is its investment in mineral properties. As of June 30, 2019, the Corporation's investment in mineral properties totaled $1,441,079 as compared to $3,546,516 at June 30, 2018.

Exploration Properties

The Corporation continues to focus on strengthening its portfolio of exploration projects through strategic acquisitions and dispositions. The portfolio currently consists of the Cook Gold Project in Nevada, USA; the Whiskey Flats Copper-Zinc Project in Nevada, USA; and the Craig Lake Base Metal Project in northern Saskatchewan. 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 June 30, 2019 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. Subsequent to the end of the year, 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 (see news release dated June 21, 2018).

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 date March 14, 2019. The results confirm extensive copper-zinc-silver mineralization on the property over significant widths.

Craig Lake/Flin Flon South

The Craig Lake/Flin Flon South property consists of 1 mining claim covering 2,764 hectares. This claim is 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, 2017. Due to interest from a third party in carrying out additional work on the property, the Corporation re-evaluated previous work and concluded that 2 DPEM targets warranted drilling. As a result permits to drill 2 diamond drill holes were applied for and received. Part of the financing, described below under "Share Capital" will be used to drill-test the DPEM targets.

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

	2019(1)	**2018**	**2017**
Net loss	($287,458)	($2,930,730)	($495,275)
Basic and diluted loss per share	($0.01)	($0.34)	($0.07)
Total assets	$9,803,052	$1,359,465	$3,263,834

(1) Current year includes only Q1 and Q2

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:

	Jun 30/19	Mar 31/19	Dec 31/18	Sep 30/18
Total assets	$9,803,052	$9,693,834	$1,359,465	$3,742,684
Exploration and evaluation assets	$1,441,079	$1,338,697	$1,304,572	$3,696,072
Working capital deficiency	($715,483)	($278,758)	($265,956)	($65,123)
Shareholders' equity	$9,086,483	$9,187,543	$1,038,616	$3,630,949
Net loss	($176,413)	($111,182)	($2,534,244)	($211,841)
Loss per share (basic and diluted)	$(0.01)	$(0.01)	$(0.30)	$(0.02)
	Jun 30/18	**Mar 31/18**	**Dec 31/17**	**Sep 30/17**
Total assets	$3,700,448	$3,274,829	$3,263,834	$5,474,815
Exploration and evaluation assets	$3,546,516	$3,253,646	$3,079,645	$5,466,094
Working capital deficiency	($123,226)	($71,888)	$10,201	($168,530)
Shareholders' equity	$3,423,290	$3,181,757	$3,089,846	$5,297,563
Net loss	($126,556)	($58,089)	($382,053)	($61,214)
Loss per share (basic and diluted)	$(0.01)	$(0.01)	($0.04)	$(0.01)

Comparison of the Three Months Results

During the quarter ended June 30, 2019, the Company reported a net loss of $176,413 ($126,556 in 2018).

The following is a comparison of significant items from operations: office expenses of $15,737 ($12,599 in 2018), marketing expenses of $11,370 ($34,664 in 2018), professional fees of $121,289 ($13,233 in 2018) including US subsidiary audit and legal fees, and filing fees of $25,740 ($2,453 in 2018).

Comparison of the Six Months Results

During the six month period ended June 30, 2019, the Company reported a net loss of $287,458 ($126,556 in 2018).

The following is a comparison of significant items from operations: office expenses of $28,147 ($24,273 in 2018), marketing expenses of $16,731 ($57,942 in 2018), professional fees of $161,564 ($21,953 in 2018), and filing fees of $69,377 ($7,653 in 2018) including $31,500 in filing fees for the Gas Tap acquisition.

Capital Expenditures

The Corporation used its cash on hand for the acquisition and exploration of mineral properties. During the period ended June 30, 2019, the Corporation incurred $136,507 in capital expenditures as compared to $466,870 for the same period in 2018. In addition, during the current period the Corporation incurred $8,258,250 in capital expenditures in a non-cash transaction through the issuance of 12,705,000 common shares as described under share capital.

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 June 30, 2019, the Corporation has a cash balance of $1,082 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. The outstanding balance as at December 31, 2018 for advances from these related parties is $42,910 (2018 - $90,000).

In April 2019, the Corporation obtained a demand loan facility of $50,000 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.

2018 transactions

During the year ended December 31, 2018, the Corporation issued 7,500,000 common shares of the Corporation as initial consideration for the purchase of a 50% working interest in the Whiskey Flats Copper-Zinc Project. (Note 6) These shares had an estimated fair value of $0.02 per share for a total non-cash consideration of $150,000.

On June 7, 2018, the Corporation closed a private placement of flow-through (“FT”) financing offering which resulted in the issuance of 12,400,000 Units at a purchase price of $0.025 per Unit for gross proceeds of $310,000. Each FT Unit consists of one FT common share and one common share purchase warrant (“Warrant”).

On July 17, 2018 and August 6, 2018 the Corporation closed private placement financing offerings which resulted in the issuance of 16,906,000 Units at a purchase price of $0.025 per Unit for gross proceeds of $422,650. Each Unit consisted of one common share and one common share purchase warrant (“Warrant”). Issuance costs associated with the private placements amounted to $3,150 for net proceeds of $419,500.

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.

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. In addition, the Corporation incurred cash costs of $ 36,690 related to this acquisition.

Prior to period end, 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. Subsequent to period end, TSX approval was obtained for the Offering and the common shares issued. At period end, The Corporation recognized an unissued share liability.

At June 30, 2019, and the date hereof, there were 21,984,109 common shares outstanding, 1,895,744 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 June 30, 2019 have a weighted average remaining contractual life of 6.59 years.

Options outstanding and exercisable	Exercise Price
665,385	$ 1.30

Share purchase warrants

768,500 outstanding share warrants are exercisable for a period of 24 months at $1.30, expiring on November 21, 2019; 476,923 are exercisable for a period of 24 months at $1.30, expiring on June 7, 2020; 485,615 are exercisable for a period of 24 months at $1.30, expiring on July 17, 2020; and 164,616 are exercisable for a period of 24 months at $1.30, expiring on August 6, 2020.

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 $59,375 (2018 - $50,000) by key management personnel for management fees which $21,875 (2018 - $21,875) is included in professional fees and $28,125 (2018 - $28,125) was capitalized for geological and consulting work relating to the Cook Gold and Whiskey Flats Projects. Included in accounts payable and accrued liabilities, including amounts relating to prior years charges, is $269,300 (2018 - $90,000) payable as funds become available without interest.

Recent accounting pronouncements

The following pronouncement has been issued but is not effective.

Pronouncement effective for annual periods beginning on or after January 1, 2019

IFRS 16 "Leases"

The IASB has developed a new standard, IFRS 16 *"Leases",* which supersedes IAS 17 *"Leases".* IFRS 16 sets out principles for the recognition, measurement, presentation and disclosure of leases for both parties to a contract, i.e. the customer ("lessee") and the supplier ("lessor"). Lessee accounting will change substantially under this new standard while there is little change for the lessor. IFRS 16 eliminates the classification of leases as either operating leases or financing leases and, instead, introduces a single lessee accounting model. A lessee will be required to recognize assets and liabilities for all leases with a term of more than 12 months (unless the underlying asset is of low value) and will be required to present depreciation of leased assets separately from interest on lease liabilities in the statement of loss.

The Corporation plans to adopt IFRS 16 retrospectively with a cumulative adjustment to deficit and no restatement of comparative prior periods. The Corporation has not yet completed its evaluation of the effect of adopting this standard and the impact it may have on its consolidated financial statements.

Financial Instruments and Other Instruments

The Corporation's financial instruments consist of cash, 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.

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. There can be no assurance that such financing will be available to the Corporation.

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.

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 period end, TSX approval was obtained for the Offering disclosed above under "Share Capital" and the common shares issued.