



AUEX VENTURES, INC.

Quarterly Report
Expressed in U.S. dollars

**For the three and six months ended
December 31, 2009**

Unaudited (prepared by management)

Date

The following discussion is management's assessment and analysis of the results of operations and financial conditions ("MD&A") of AuEx Ventures, Inc. ("AuEx" or the "Company") and should be read in conjunction with the accompanying unaudited interim consolidated financial statements and related notes thereto for the six months ended December 31, 2009 and with the audited consolidated financial statements for the year ended June 30, 2009 which are available at the SEDAR website at www.sedar.com.

The financial information in this MD&A is derived from the Company's financial statements prepared in accordance with Canadian generally accepted accounting principles and all dollar amounts are expressed in U.S. dollars unless otherwise indicated.

The effective date of this report is February 12, 2010.

Overview

AuEx Ventures, Inc. is a Toronto Stock Exchange ("TSX") listed precious metals exploration company that has a current portfolio of twenty one exploration projects in Nevada and Utah, a project in Spain and three projects in Argentina. The Company controls about 167,000 acres of unpatented mining claims and fee land in Nevada. Nine of the projects are in joint venture or exploration earn-in agreements with five companies. The Company applies the extensive Nevada exploration experience and high-end technical skills of its founders to search for and acquire new precious metal exploration projects that are then offered for joint venture.

Operation Highlights for the three months ended December 31, 2009 and up to February 12, 2010

- Preliminary Economic Assessment completed at Long Canyon
- Initial West Pequop 2009 drill results include 45 feet grading 0.247 ounces per ton gold
- Wood Hills South project optioned to NuLegacy
- The Company purchased Basti Resources owner of the Baza Project
- Baza Project optioned to Western Uranium

2010 is expected to be a significant year for new project generation in addition to continued work on existing projects with the Company's funding exploration and joint venture partners. The Company and its funding partners are expected to expend well over \$25 million on AuEx projects for exploration and drilling in calendar 2010. The majority of this budget will be spent on the Long Canyon Venture and the balance spent on AuEx's other projects.

Long Canyon Joint Venture

The Company's principal property is a 49% interest in the Long Canyon Joint Venture located in Elko County, Nevada with Fronteer Development Group, Inc. ("Fronteer").

The 2009 Long Canyon Venture drilling program was completed on November 22, 2009. The results defined additional shallow, oxidized gold mineralization that demonstrated strike extension and that the mineralization remains open along-strike to the northeast and southwest. Lateral step-out drilling has intersected new gold-bearing zones that appear to mimic the trend of the known deposits. Since the beginning of drilling in April 2009, Long Canyon's work-program has extended mineralization from a strike-length of 1.7 kilometers to 2.6 kilometers. The aggregate width of multiple gold zones increased from 250 to 400 meters. Step-out drill holes in November intersected high-grade oxide mineralization 400 meters northeast of the boundary of the resource estimate announced in March, 2009. These holes include the highest grade thickness intercept obtained to-date at Long Canyon of 35.1 meters at a grade of 9.29 grams per tonne ("g/t") gold. The program comprised 10,895 meters in 52 reverse circulation holes and 18,710 meters in 138 core holes. The program also included 3,174 meters of PQ core recovered for metallurgical studies and 677 meters of oriented core for geotechnical studies.

On December 1, 2009 the project released a Preliminary Economic Assessment ("PEA") that demonstrated favorable technical and economic results for the Long Canyon gold deposit. The PEA, prepared by Mine Development Associates and audited by AMEC Americas Limited, is based on the March 2009 resource estimate for Long Canyon. Upon applying a long term gold price of \$800 per ounce, the PEA predicted the production of 565,000 ounces of gold at an average rate of 93,000 ounces per year over a six year mine life. The Long Canyon Venture would yield a net cumulative pre-tax cash flow of US\$181 million for an Internal Rate of Return of 64%. The direct cash costs determined by this study would be US\$351 per ounce with an initial capital expenditure of US\$66 million. The PEA assumes an average metallurgical recovery rate from the oxide resource of 87%.

The PEA utilized data from the initial resource estimate, announced in March, 2009, which does not reflect the drill results from the April through November drill program. The resource estimate, quoted at a cut-off grade of 0.30 grams per tonne gold, contained:

- Indicated resource of 363,000 ounces of gold contained in 4,808,000 tonnes at an average grade of 2.35 g/t
- Inferred resource of 459,000 ounces of gold contained in 8,780,000 tonnes at an average grade of 1.63 g/t

Column-leach testing of bulk samples from Long Canyon has returned gold recoveries averaging as high as 90.1%. The metallurgical test data suggests Long Canyon's oxidized gold mineralization is amenable to low-cost, conventional, heap-leach processing.

Other work being conducted in 2009 consists of preliminary metallurgical evaluation, preliminary engineering investigations and environmental studies. These are designed to provide a better understanding of processing options and project economics leading to a better understanding of potential development options. Work on these various items is underway at present.

In addition, the Long Canyon Venture completed the installation of a municipal water well in the Shafter well field, east of Long Canyon to insure against any impacts by the project on water supply derived by the cities of West Wendover, Nevada and Wendover, Utah from Johnson Springs, located at the edge of Goshute Valley about one kilometer east of the gold deposits.

Long Canyon Joint Venture 2010 work program

The calendar 2010 Long Canyon Venture exploration program will address two main objectives: include new technical, engineering and drilling data to update the resource model and conduct step-out drilling to expand the known gold-bearing zones and to discover new deposits. The budget for 2010, to be announced, will be similar in scope to that of 2009 and, in-addition to drilling and related surface exploration work, will include ongoing engineering studies that will support a revision of the PEA during the calendar year. This work also will set the stage for preparation of a feasibility study in the future.

The 2009 drilling served to highlight the strong along strike continuity and significant lateral offsets of a high-grade nature at Long Canyon. These drill results will be included in an updated NI 43-101 resource estimate to be completed during the second quarter of 2010.

In the six months ended December 31, 2009 the Company expended \$4,367,036 exploration expenditures and funded its \$2,088,380 share of mineral property acquisition costs.

West Pequop

The Company has a 49% interest in the West Pequop, Elko County Project. Agnico Eagle USA, Inc. ("Agnico") holds a 51% interest and is the operator. Agnico has elected to earn an additional 19% interest in the West Pequop Venture by completing all subsequent expenditures through completion of a bankable feasibility study within five years of June 19, 2008. The agreement also includes a financing provision whereby Agnico may arrange overall project construction financing and provide a loan option to the Company for its share of required equity.

Exploration drilling during 2009 at the West Pequop Venture was conducted mainly in the Section 34, Mountain Top, Acrobat/Juggler and Range Front target areas. The 2009 program completed at the end of October comprised 56 drill holes that totaled over 50,000 feet. Assay results from the 2008 program have generally expanded the extent of gold mineralization in all known areas with the best intercept from the Mountain Top zone. Assay results for the 17 holes of the 2009 program were announced on November 17, 2009. Hole WNC-174 reporting 45 feet grading 0.247 ounces per ton gold ("opt") from the Mountain Top zone. Results confirm and extend gold mineralization in the Mountain Top target area with mineralization still open. Results from the remaining 39 holes are pending.

Gold mineralization at West Pequop is present in at least three distinct stratigraphic positions within the enclosing Cambrian and Ordovician limestone and dolomite assemblages. Mineralization remains open and other exploration targets on the large exploration property remain to be drill tested. Gold mineralization encountered has been typical of oxidized Carlin-type occurrences and is commonly associated with faulting, felsic dikes and solution collapse breccias. Maps showing the locations of drill holes at West Pequop are posted on the company's website.

Wood Hills South project

On December 8, 2009, the Company executed an exploration earn in agreement with NuLegacy Gold Corporation NV ("NuLegacy") on the Wood Hills South gold exploration project located in Elko County.

The Wood Hills South project totals over 40,000 acres consisting of optioned fee land, mineral rights and unpatented mining claims that are owned by the Company. It is largely a pediment covered gold exploration target that was developed through evaluation of regional geophysical data combined with outcrop mapping and rock chip sampling. Evaluation of this data led to the recognition of a possible geologic setting that appears similar to the geologic setting related to gold mineralization in the nearby Pequop Gold District. NuLegacy commenced exploration at Wood Hills South in January 2010 and is initially focused on gathering ground based geophysical data and significant additional surface geochemistry. Data from these efforts will be used to develop targets for an initial drilling program scheduled for either late 2010 or early 2011.

Under the terms of the earn-in agreement NuLegacy paid AuEx \$20,000 on signing and is committed to expend a minimum of \$150,000 during the first year of the agreement. NuLegacy will then have 6 additional years with escalating annual work commitments to expend a minimum total of \$5,000,000 and complete a bankable feasibility study in order to earn a 70% interest in the Wood Hills South project. Should NuLegacy terminate its interest in the Wood Hills South project without vesting an interest but have expended \$3,000,000 or more, it will be entitled to a 4% net smelter return ("NSR") royalty from potential future production capped at twice its investment.

NuLegacy is a private Nevada focused gold exploration company financed and operated by a well respected management team familiar to the Company that has successfully defined, discovered and developed numerous gold resources.

Baza, Spain

As reported in the Company's MD&A for the three months ended September 30, 2009 on September 28, 2009 EuEx Resources Inc., ("EuEx") a wholly owned subsidiary of AuEx, purchased Basti Resources S.L. ("Basti") a private Spanish company for €214,000 of which €64,000 was paid in the three months ended December 31, 2009. The sellers retained a 1.5% NSR royalty that can be bought down.

On October 13, 2009 Basti and AuEx signed an option agreement with Western Uranium Corporation ("WUC") whereby WUC can acquire a 70% interest in the properties by funding the continued exploration and development within the Baza Area of Interest. The Baza Project currently contains two exploration permits and a third is pending for a total of more than 10,000 hectares.

In December 2009 a ground magnetic survey was completed and a larger airborne magnetics, radiometrics and EM survey is being planned. Drilling will start on two prospects Cerro del Gallo and Valenciano in March 2010.

Qualified Person

All data, as disclosed in this MD&A have been verified by the Company's qualified persons Ronald L. Parratt, M.Sc., and Certified Professional Geologist, Richard L. Bedell, M.Sc., and Certified Professional Geologist and Eric M. Struhsacker, M.Sc., and Certified Professional Geologist to the degree disclosed in this MD&A.

Measurements

Imperial units of measure have been used in this MD&A. To convert Imperial measurements to metric equivalents divide by:

Short tons to tonnes	1.10231
Ounces (troy) to kilograms	32.150
Ounces (troy) to grams	0.03215
Ounces (troy) / short ton to grams/tonne	0.02917
Acres to hectares	2.47105
Miles to kilometers (km)	0.62137
Feet to meters	3.28084

Critical Accounting Estimates

Critical accounting estimates used in the preparation of the financial statements include the Company's estimate of recoverable value on its property, plant and equipment, site reclamation and rehabilitation, estimates of future income taxes as well as the value assigned to stock-based compensation expense. These estimates involve considerable judgment and are, or could be, affected by significant factors that are out of the Company's control.

The factors affecting stock-based compensation include estimates of when stock options might be exercised and the stock price volatility. The timing for exercise of options will depend, among other things, upon a variety of factors including the market value of AuEx shares and financial objectives of the holders of the options. AuEx used historical data to determine volatility in accordance with Black-Scholes modeling, however the future volatility is inherently uncertain and the model has its limitations. While these estimates can have a material impact on the stock-based compensation expense and hence results of operations, there is no impact on the Company's financial condition.

AuEx's recoverability evaluation of its mineral properties and equipment is based on market conditions for minerals, underlying mineral resources associated with the assets and future costs that may be required for ultimate realization through mining operations or by sale. AuEx is in an industry that is exposed to a number of risks and uncertainties, including exploration risk, development risk, commodity price risk, operating risk, ownership and political risk, funding and currency risk, as well as environmental risk. Certain of AuEx's mineral properties have a defined mineral resource yet, there is always the potential for a material adjustment to the value assigned to mineral properties and equipment.

AuEx has an obligation to reclaim its properties after the surface has been disturbed by exploration methods at the site. As a result AuEx has recorded a liability for the fair value of the reclamation costs it expects to incur. The Company estimated applicable inflation and credit-adjusted risk-free rates as well as expected reclamation time frames. To the extent that the estimated reclamation costs change, such changes will impact future reclamation expense recorded.

New accounting standards:

Effective July 1, 2009, the Company adopted a new accounting standard, Section 3064 "Goodwill and Intangible Assets" which replaced the existing Section 3062 "Goodwill and Other Intangible Assets" and Section 3450 "Research and Development Costs". The new pronouncement establishes standards for the recognition, measurement, presentation, and disclosure of goodwill subsequent to its initial recognition and of intangible assets by profit-oriented enterprises. Standards concerning goodwill are unchanged from the standards included in the

previous Section 3062. The adoption of this standard did not have a material impact on the Company's financial statements.

Recent accounting pronouncements:

International financial reporting standards ("IFRS")

The Canadian Accounting Standards Board announced that 2011 is the changeover date for publicly-listed companies to use IFRS, replacing Canada's own GAAP. The date is for interim and annual financial statements relating to fiscal years beginning on or after January 1, 2011. The transition date of July 1, 2011 will require the restatement for comparative purposes of amounts reported by the Company for the year ended June 30, 2011. While the Company has begun assessing the adoption of IFRS for 2011, the financial reporting impact of the transition to IFRS cannot be reasonably estimated at this time.

Business combinations, non-controlling interest and consolidated financial statements

In January 2009, the CICA issued Handbook Sections 1582 "Business Combinations", 1601 "Consolidated Financial Statements" and 1602 "Non-controlling Interests" which replace CICA Handbook Sections 1581 "Business Combinations" and 1600 "Consolidated Financial Statements". Section 1582 establishes standards for the accounting for business combinations that is equivalent to the business combination accounting standard under IFRS. Section 1582 is applicable for the Company's business combinations with acquisition dates on or after January 1, 2011. Early adoption of this Section is permitted. Section 1601 together with Section 1602 establishes standards for the preparation of financial statements. Section 1601 is applicable for the Company's interim and annual financial statements for its fiscal year beginning July 1, 2011. Early adoption of this Section is permitted and all three Sections must be adopted concurrently.

Credit Risk and the Fair Value of Financial Assets and Financial Liabilities

In January 2009, the CICA issued EIC 173, "*Credit Risk and the Fair Value of Financial Assets and Financial Liabilities*". The EIC provides guidance on how to take into account credit risk of an entity and counterparty when determining the fair value of financial assets and financial liabilities. EIC 173 will be applicable for the Company's interim and annual financial statement for its fiscal year beginning July 1, 2010 and management is currently assessing its impact on the Company's interim and annual financial statements for fiscal 2010.

Results of Operations

Results of Operations for the six months ended December 31, 2009

The consolidated net loss for the six months ended December 31, 2009 was \$5,113,195 (2008 - \$3,837,655).

The significant changes between the current period and the comparative period are discussed below.

Mineral property exploration expenditures of \$5,027,637, net of \$480,791 recovered from funding partners, was \$5,508,428 (December 31, 2008 - \$2,418,990 net). The increase is almost entirely attributable to maintaining the Company's 49% interest in the Long Canyon Venture.

During the period, the Company received a total of \$140,000 in mineral property option payments: (a) \$20,000 was received from Golden Dory, of which \$9,262 recovered the acquisition cost of the Pequop South project and the remaining \$10,738 reduced the net loss for the period, (b) \$20,000 was received from NuLegacy which reduced the acquisition costs of the Wood Hills South project and (c) \$100,000 was received from WUC, of which \$93,842 recovered the acquisition costs and the remaining \$6,158 reduced the net loss for the period.

For some of the projects the Company performs the exploration work pursuant to a service contract for the operator for which it earns a management fee. Exploration expenditures paid for directly by funding partners are not included in the Company's financial statements.

The Company has engaged an investor relations consultant and fees were slightly higher than in the comparative

period.

Professional fees were higher in the current period due to the negotiations and finalizing several agreements.

Regulatory and transfer agent fees were \$18,032 (2008 - \$104,055), a decrease of \$86,023 due primarily to the original listing fees incurred in the prior period for graduation onto the Toronto Stock Exchange.

Shareholder relations have increased in the current period as the Company expands its market awareness programs in the investment community by attendance at more investment conferences and travelling and conducting more one-on-one meetings with potential investors. This type of activity is expected to increase from past levels.

Salaries and benefits charged to administration totaled \$390,966 (2008 - \$346,641) which amount includes \$70,522 of directors fees (2008 - \$64,310). Including Ronald Parratt and Richard Bedell, in addition to one full time office administrator, the Company now has six full time geologists employed, and six part time consultants based in the exploration office in Reno, Nevada as well as one full time geologist based in Argentina.

The non-cash stock-based compensation expense of \$731,636 (2008 - \$665,152) is the recognition of the fair value of stock options over their vesting periods. Another \$35,985 (2008 - \$127,558) of stock-based compensation expense is included in the Argentina mineral property exploration expenditure.

The Company's \$1,392,171 unrealized gain on foreign exchange in the six months ended December 31, 2009 (2008 - \$1,726 loss) was attributed to the Company's increased cash treasury balance and the fluctuation in the Canadian to US dollar exchange rates. The Company holds the majority of its cash treasury in Canadian dollars and converts to US dollars as needed.

Summary of Quarterly Results

	3 Months ended December 31, 2009	3 months ended September 30, 2009	3 months ended June 30, 2009	3 months ended March 31, 2009	3 Month ended December 31, 2008	3 months ended September 30, 2008	3 months ended June 30, 2008	3 months ended March 31, 2008
Total revenues	\$-	\$-	\$-	\$-	\$-	\$-	\$-	\$-
Net loss	(2,775,122)	(2,338,073)	(2,420,460)	(1,350,330)	(2,483,647)	(1,354,008)	(1,049,123)	(1,004,103)
Net loss per share, basic and diluted	(0.07)	(0.06)	(0.08)	(0.04)	(0.09)	(0.05)	(0.04)	(0.04)

As the Company's exploration and administrative activities increase the Company's costs and net loss can be expected to continue to rise. The Company has generated no revenue to date.

Liquidity

The Company has funded its operations to date from the sale of its equity securities and by project option payments and work programs funded by third parties.

As at December 31, 2009 the Company had working capital of \$11,464,560 compared to working capital at June 30, 2009 of \$18,137,636.

The Company intends to continue to fund its 49% participating interest in the Long Canyon Joint Venture and it will, as market conditions and the need arises, attempt to raise additional funds through additional equity financings that may be on terms that are dilutive, or potentially dilutive, to its shareholders. It is expected that the Long Canyon resource update to be conducted in the first quarter 2010 will increase the size of this gold resource and will support the continued exploration and potential development of this deposit.

Capital Resources

The Company has common stock purchase warrants and stock options outstanding, that if exercised will raise additional capital for the Company. If all 3,916,750 share purchase warrants and 4,000,000 stock options were exercised for cash the Company would realize approximately C\$18,000,000.

Transactions with Related Parties

Unless disclosed elsewhere, related party transactions for the six months ended December 31, 2009 are as follows:

- (a) Paid or accrued \$42,646 (2008 - \$41,295) for consulting fees to Golden Oak Corporate Services Ltd., a company controlled by Doris Meyer, the Chief Financial Officer of the Company.
- (b) Paid or accrued \$26,831 (2008 - \$11,753) for consulting fees for investor relations services to Connie Parratt, the spouse of Ron Parratt, Chief Executive Officer of the Company.
- (c) Paid half of the annual lease payments for the Green Monster (\$10,000) (2008 - \$7,500) and the Rose Mine (\$5,000) (2008 - \$5,000) projects to a company controlled by Richard Bedell, a director of the Company.

An amount of \$24,437 for expenses and director fees owed to officers and directors are included in accounts payable and accrued liabilities (June 30, 2009 - \$33,584). These amounts were paid subsequently.

The related party transactions were in the normal course of operations and were measured at the exchange amount, which is the amount of consideration established and agreed to by the related parties.

Outstanding Share Data as at February 12, 2010

The authorized share capital of AuEx consists of an unlimited number of common shares, 10,000,000 preferred shares and one special voting share (the "Special Voting share"). The holder of the Special Voting share, Pacific Corporate Trust Company, is entitled to the number of votes equal to the number of Class B non-voting common shares ("Exchangeable Shares") outstanding subject to reduction in certain circumstances.

	Common Shares issued and outstanding	Exchangeable shares issued and outstanding	Total common and exchangeable shares outstanding	Common Share Purchase Warrants	Common Share Purchase Options
Balance December 31, 2009	35,690,821	4,514,370	40,205,191	4,069,750	4,000,000
Warrants exercised	153,000	-	153,000	(153,000)	-
Balance February 12, 2010	35,843,821	4,514,370	40,358,191	3,916,750	4,000,000

Financial Instruments and related risks

The Company's financial instruments consist of cash, receivables and accounts payable and accrued liabilities. Unless otherwise noted, it is management's opinion that the Company is not exposed to significant interest, currency or credit risks arising from these financial instruments. The fair value of these financial instruments approximates their carrying values, unless otherwise noted.

The financial instruments that potentially subject the Company to concentrations of credit risk consist primarily of cash. The Company places its cash with high quality financial institutions, thereby minimizing exposure for deposits in excess of federally insured amounts. The Company believes that credit risk associated with cash is remote.

In conducting business, the principal risks and uncertainties faced by the Company centre on exploration and development, resource and commodity prices and market sentiment.

The prices of resource and commodity markets fluctuate wildly and are affected by many factors outside of the Company's control. The relative prices of metals and minerals and future expectations for such prices have a significant impact on the market sentiment for investment in mining and resource exploration companies. The Company relies on equity financing for its working capital requirements and to fund its exploration programs. There is no assurance that such financing will be available to the Company, or that it will be available on acceptable terms.

Forward looking statements

This discussion includes certain statements that may be deemed "forward-looking statements". All statements in this discussion, other than statements of historical facts, that address future exploration activities and events or developments that the Company expects are forward-looking statements. Although the Company believes the expectations expressed in such forward-looking statements are based on reasonable assumptions, such statements are not guarantees of future performance and actual results or developments may differ materially from those in the forward-looking statements. Factors that could cause actual results to differ materially from those in forward-looking statements include market prices, exploration successes, the maintenance and continuation of exploration funding agreements and continued availability of capital and financing and general economic, market or business conditions. Investors are cautioned that any such statements are not guarantees of future performance and actual results or developments may differ materially from those projected in the forward-looking statements.

Risks and Uncertainties

Mineral exploration is subject to a high degree of risk, which a combination of experience, knowledge, and careful evaluation may fail to overcome. Exploration activities seldom result in the discovery of a commercially viable mineral resource. Exploration activities require significant cash expenditures. The Company will therefore require additional financing to carry on its business and such financing may not be available when it is needed.

Disclosure and Internal Controls and Procedures

Management is responsible for establishing and maintaining disclosure controls and procedures for the Company. Based on an evaluation of the Company's disclosure controls and procedures as of the end of the period covered by this MD&A, management believes such controls and procedures are effective in providing reasonable assurance that material items requiring disclosure are identified and reported in a timely manner.

The Chief Executive Officer and Chief Financial Officer have designed the internal controls over financial reporting, or caused it to be designed under their supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles.

During the six months ending December 31, 2009, there has been no change in the Company's internal control over financial reporting that has materially affected, or is reasonably likely to materially affect, the Company's internal control over financial reporting.

Corporate Governance

Management of the Company is responsible for the preparation and presentation of the annual financial statements and notes thereto, MD&A and other information contained in the annual report. Additionally, it is Management's responsibility to ensure the Company complies with the laws and regulations applicable to its activities.

The Company's management is held accountable to the Board of Directors ("Directors"), each member of which is elected annually by the shareholders of the Company. The Directors are responsible for reviewing and approving the annual audited financial statements and MD&A. Responsibility for the review and approval of the Company's quarterly unaudited interim financial statements and MD&A is delegated by the Directors to the Audit Committee,

which is comprised of three directors who are independent of management. Additionally, the Audit Committee pre-approves audit and non-audit services provided by the Company's auditors.

The auditors are appointed annually by the shareholders to conduct an audit of the financial statements in accordance with generally accepted auditing standards. The external auditors have complete access to the Audit Committee to discuss the audit, financial reporting and related matters resulting from the annual audit as well as to assist the members of the Audit Committee in discharging their corporate governance responsibilities.

Other Information

Additional information relating to the Company is available for viewing on SEDAR at www.sedar.com.



INTERIM CONSOLIDATED FINANCIAL STATEMENTS

Expressed in U.S. dollars

**For the six months ended
December 31, 2009**

Unaudited (prepared by management)

AUEX VENTURES, INC.
INTERIM CONSOLIDATED BALANCE SHEETS
(Expressed in U.S. dollars)

	December 31, 2009	June 30, 2009
	(unaudited)	
ASSETS		
Current		
Cash	\$ 11,618,582	\$ 17,093,191
Exploration advances	-	995,379
Receivables	52,036	401,638
Prepaid expense	10,613	996
	<u>11,681,231</u>	<u>18,491,204</u>
Equipment (Note 5)	101,457	141,085
Mineral properties (Note 6)	2,941,818	840,872
Restricted cash (Note 7)	646,379	364,352
Reclamation bond (Note 7)	19,427	-
	<u>15,390,312</u>	<u>19,837,513</u>

LIABILITIES AND SHAREHOLDERS' EQUITY

Current		
Accounts payable and accrued liabilities	\$ 216,671	\$ 353,568
Asset retirement obligation (Note 7)	344,842	329,572
	<u>561,513</u>	<u>683,140</u>
Shareholders' Equity		
Capital stock (Note 9)	31,475,482	31,389,217
Contributed surplus (Note 9)	4,393,648	3,692,292
Deficit	(21,040,331)	(15,927,136)
	<u>14,828,799</u>	<u>19,154,373</u>
	<u>15,390,312</u>	<u>19,837,513</u>

Nature of operations (Note 1)

Subsequent event (Note 12)

Approved by the Board of Directors

/s/ "Ronald L. Parratt"

Ronald L. Parratt, Director

/s/ "Robert Boaz"

Robert Boaz, Director

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

AUEX VENTURES, INC.**INTERIM CONSOLIDATED STATEMENTS OF LOSS, COMPREHENSIVE LOSS AND DEFICIT**

(Expressed in U.S. dollars)

For the six months ended December 31

(unaudited – prepared by management)

	Three months ended December 31, 2009	Three months ended December 31, 2008	Six months ended December 31, 2009	Six months ended December 31, 2008
EXPENSES				
Amortization	\$ 10,384	\$ 9,660	\$ 20,493	\$ 19,408
Consulting	43,059	37,852	87,924	73,605
Foreign exchange (gain) loss	(216,664)	(19,638)	(1,392,171)	1,762
Insurance	20,477	19,426	24,220	28,879
Management fees	(184)	(4,252)	(4,890)	(6,194)
Mineral property exploration expenditures (Schedule)	2,199,965	1,755,173	5,027,637	2,418,990
Mineral property recoveries	(6,158)	-	(16,896)	(15,913)
Office and miscellaneous	25,370	22,505	37,592	37,510
Professional fees	43,107	28,531	76,381	41,133
Regulatory and transfer agent fees	(2,810)	9,247	18,032	104,055
Rent	12,093	11,784	24,709	24,227
Salaries and benefits	200,335	169,975	390,966	346,641
Shareholder relations	83,207	72,544	126,223	92,006
Stock-based compensation (Note 9)	373,521	368,984	731,636	665,152
Travel and related	17,130	9,608	29,015	26,863
Loss before other items	(2,802,832)	(2,491,399)	(5,180,871)	(3,858,124)
OTHER ITEMS				
Interest and other income	27,710	7,752	67,676	20,269
Gain on sale of equipment	-	-	-	200
	27,710	7,752	67,676	20,469
Loss and comprehensive loss for the period	(2,775,122)	(2,483,647)	(5,113,195)	(3,837,655)
Deficit, beginning of period	(18,265,209)	(9,672,699)	(15,927,136)	(8,318,691)
Deficit, end of period	\$ (21,040,331)	\$ (12,156,346)	\$ (21,040,331)	\$ (12,156,346)
Basic and diluted loss per common share	\$ (0.07)	\$ (0.09)	\$ (0.13)	\$ (0.15)
Weighted average number of common shares outstanding	40,190,319	26,240,305	40,086,359	25,388,096

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

AUEX VENTURES, INC.
CONSOLIDATED INTERIM STATEMENTS OF CASH FLOWS
(Expressed in U.S. dollars)
For the six months ended December 31
(unaudited – prepared by management)

	Three months ended December 31, 2009	Three months ended December 31, 2008	Six months ended December 31, 2009	Six months ended December 31, 2008
CASH FLOWS TO OPERATING ACTIVITIES				
Loss for the period	\$ (2,775,122)	\$ (2,483,647)	\$ (5,113,195)	\$ (3,837,655)
Items not affecting cash:				
Amortization - equipment	10,384	9,660	20,493	19,408
Amortization - mineral property exploration	10,264	3,649	13,884	4,581
Asset retirement obligation	-	-	15,270	-
Stock-based compensation - administration	373,521	368,984	731,636	665,152
Stock-based compensation - mineral property exploratio	18,028	62,026	35,985	127,558
Gain on sale of equipment	-	-	-	(200)
Changes in non-cash working capital items:				
Decrease (increase) in receivables	159,605	(24,907)	349,602	(41,352)
Decrease (increase) in prepaid expenses	54,712	2,294	(9,617)	(2,318)
Decrease (increase) in exploration advances	966,924	(289,264)	995,379	-
Decrease in accounts payable and accrued liabilities	(112,755)	(146,351)	(136,897)	(35,846)
Net cash used in operating activities	<u>(1,294,439)</u>	<u>(2,497,556)</u>	<u>(3,097,460)</u>	<u>(3,100,672)</u>
CASH FLOWS TO INVESTING ACTIVITIES				
Restricted cash and reclamation bonds	(6,497)	(77,425)	(301,454)	69,583
Purchase of equipment	(734)	(1,376)	5,251	(58,283)
Gain on sale of equipment	-	-	-	200
Mineral property recoveries	103,842	-	123,104	74,087
Mineral property expenditures	(116,480)	(30,837)	(2,224,050)	(67,276)
Net cash provided by (used in) investing activities	<u>(19,869)</u>	<u>(109,638)</u>	<u>(2,397,149)</u>	<u>18,311</u>
CASH FLOWS FROM FINANCING ACTIVITY				
Issuance of common stock for cash	<u>20,000</u>	3,379,070	<u>20,000</u>	3,429,070
Net cash provided by financing activity	<u>20,000</u>	<u>3,379,070</u>	<u>20,000</u>	<u>3,429,070</u>
Change in cash for period	(1,294,308)	771,876	(5,474,609)	346,709
Cash, beginning of period	12,912,890	3,987,281	17,093,191	4,412,448
Cash, end of period	\$ 11,618,582	\$ 4,759,157	\$ 11,618,582	\$ 4,759,157
Supplemental disclosure with respect to non-cash financing and investing:				
Fair value of stock options exercised	\$ 19,880	\$ -	\$ 66,266	\$ 26,974
Shares issued pursuant to a mineral option agreement	-	10,000	-	10,000

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

AUEX VENTURES, INC.
CONSOLIDATED SCHEDULE OF MINERAL PROPERTY EXPLORATION EXPENDITURES

(Expressed in U.S. dollars)

For the six months ended December 31

(unaudited – prepared by management)

<i>Exploration expenditures by property:</i>	Six months ended December 31, 2009			Six months ended December 31, 2008		
	Exploration Expenditures	Recoveries from funding partners	Net Exploration Expenditures	Exploration Expenditures	Recoveries from funding partners	Net Exploration Expenditures
Nevada:						
Antelope	\$ 155	\$ -	\$ 155	\$ 5,046	\$ -	\$ 5,046
Arabia	12,789	-	12,789	22,645	-	22,645
Buffalo Canyon	115,207	(115,207)	-	199,611	(199,611)	-
Bunce	6,098	-	6,098	47,814	-	47,814
Fireball Ridge	19,740	-	19,740	-	-	-
General reconnaissance	159,696	-	159,696	164,846	-	164,846
Goldstar	14,595	-	14,595	23,472	-	23,472
Green Monster	124,465	(124,465)	-	87,414	(87,414)	-
Hays Canyon	118,803	(118,803)	-	81,980	(81,980)	-
Hum	-	-	-	11,602	-	11,602
Jessup-West (JPW)	3,616	-	3,616	-	-	-
Klondike North	16,308	(16,308)	-	-	-	-
Leonid	15,983	-	15,983	31,437	-	31,437
Long Canyon Venture	4,367,036	-	4,367,036	1,734,344	-	1,734,344
Long Canyon South	9,486	-	9,486	21,336	(3,307)	18,029
NLRC License	-	-	-	6,538	-	6,538
North Klondike	-	-	-	401,680	(401,680)	-
North Pequop	20,472	-	20,472	-	-	-
Olympic	18,463	-	18,463	25,577	-	25,577
Pasco Canyon	-	-	-	5,051	(5,051)	-
Pequop South	105,876	(105,876)	-	-	-	-
Pequop (West Pequop and Long Canyon)	33,044	-	33,044	23,336	(23,336)	-
Reef	14,026	-	14,026	10,709	-	10,709
Rose Mine	12,108	-	12,108	8,329	-	8,329
Sinter	8,722	-	8,722	15,711	-	15,711
Southwest Trinity	-	-	-	46,023	(10,997)	35,026
Spruce Mountain	23,358	-	23,358	-	-	-
Swiss Bank	-	-	-	19,509	(19,509)	-
Trinity Silver	31,464	-	31,464	3,488	(3,488)	-
Wildcat	9,590	-	9,590	7,886	-	7,886
Woodhills	71,849	(132)	71,717	-	-	-
	5,332,949	(480,791)	4,852,158	3,005,384	(836,373)	2,169,011
Spain:						
Baza	97,671	-	97,671	39,334	-	39,334
South America:						
Argentina reconnaissance	41,823	-	41,823	246,002	(182,001)	64,001
Stock based compensation - Argentina	35,985	-	35,985	141,710	-	141,710
Hidefield	-	-	-	15,892	(10,958)	4,934
Mineral property exploration expenditures	\$ 5,508,428	\$ (480,791)	\$ 5,027,637	\$ 3,448,322	\$ (1,029,332)	\$ 2,418,990

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

1. NATURE OF OPERATIONS

AuEx Ventures, Inc. (the “Company”) was incorporated on May 10, 2004 under the laws of the Province of British Columbia and its principal business activities are the acquisition and exploration of unproven mineral properties in the USA, Argentina and Spain.

The Company has not generated any production revenue since inception and has never paid any dividends and is unlikely to pay dividends or generate earnings in the immediate or foreseeable future. The Company has not yet determined whether its properties contain ore reserves that are economically recoverable. The recoverability of the amounts spent for mineral properties is dependent upon the existence of economically recoverable reserves, the ability of the Company to obtain the necessary financing to complete the exploration and development of its properties, and upon future profitable production or proceeds from the disposition of the properties. The Company will periodically have to raise additional funds to continue operations and while it has been successful in doing so in the past, there can be no assurance it will be able to do so in the future.

These financial statements have been prepared in accordance with Canadian generally accepted accounting principles applicable to a going concern, which assumes that the Company will realize its assets and discharge its liabilities in the ordinary course of business. As at December 31, 2009, the Company had an accumulated deficit of \$21,040,331 and working capital of \$11,481,060.

2. BASIS OF PRESENTATION

These interim consolidated financial statements for the Company have been prepared in accordance with Canadian generally accepted accounting principles (“GAAP”). They do not include all of the information and disclosures required by GAAP for annual financial statements. In the opinion of management, all adjustments considered necessary for fair presentation have been included in these financial statements. The interim consolidated financial statements should be read in conjunction with the Company’s audited consolidated financial statements including the notes thereto for the year ended June 30, 2009 which may be found on www.sedar.com.

New accounting standards:

Effective July 1, 2009, the Company adopted a new accounting standard, Section 3064 “Goodwill and Intangible Assets” which replaced the existing Section 3062 “Goodwill and Other Intangible Assets” and Section 3450 “Research and Development Costs”. This policy establishes standards for the recognition, measurement, presentation, and disclosure of goodwill subsequent to its initial recognition and of intangible assets by profit-oriented enterprises. Standards concerning goodwill are unchanged from the standards included in the previous Section 3062. The adoption of this standard did not have a material impact on the Company’s financial statements.

Recent accounting pronouncements

International financial reporting standards (“IFRS”)

The Canadian Accounting Standards Board announced that 2011 is the changeover date for publicly-listed companies to use IFRS, replacing Canada’s own GAAP. The date is for interim and annual financial statements relating to fiscal years beginning on or after January 1, 2011. The transition date of July 1, 2011 will require the restatement for comparative purposes of amounts reported by the Company for the year ended June 30, 2011. While the Company has begun assessing the adoption of IFRS for 2011, the financial reporting impact of the transition to IFRS cannot be reasonably estimated at this time.

Business combinations, non-controlling interest and consolidated financial statements

In January 2009, the CICA issued Handbook Sections 1582 “Business Combinations”, 1601 “Consolidated Financial Statements” and 1602 “Non-controlling Interests” which replace CICA Handbook Sections 1581 “Business Combinations” and 1600 “Consolidated Financial Statements”. Section 1582 establishes standards for the accounting for business combinations that is equivalent to the business combination accounting standard under IFRS. Section 1582 is applicable for the Company’s business combinations with acquisition dates on or after January 1, 2011. Early adoption of this Section is permitted. Section 1601 together with Section 1602 establishes standards for the preparation of financial statements. Section 1601 is applicable for the Company’s interim and annual financial statements for its fiscal year beginning July 1, 2011. Early adoption of this Section is permitted and all three Sections must be adopted concurrently.

Credit Risk and the Fair Value of Financial Assets and Financial Liabilities

In January 2009, the CICA issued EIC 173, “*Credit Risk and the Fair Value of Financial Assets and Financial Liabilities*”. The EIC provides guidance on how to take into account credit risk of an entity and counterparty when determining the fair value of financial assets and financial liabilities. EIC 173 will be applicable for the Company’s interim and annual financial statement for its fiscal year beginning July 1, 2010 and management is currently assessing its impact on the Company’s interim and annual financial statements for fiscal 2010.

3. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT

Financial Risk Management

The Board of Directors has overall responsibility for the establishment and oversight of the Company’s risk management framework. The Company’s financial instruments consist of cash, receivables, investments and accounts payable and accrued liabilities.

The Company has classified cash and investment as held-for-trading. Receivables are classified as loans and receivables, and accounts payable and accrued liabilities as other liabilities, all of which are measured at amortized cost.

The fair values of cash, receivables, and accounts payable and accrued liabilities approximate their book values because of the short-term nature of these instruments. The investment is shares of a private company that have been written down to zero.

Financial Instrument Risk Exposure

The Company is exposed in varying degrees to a variety of financial instrument related risks. The Board approves and monitors the risk management processes.

Credit Risk

The Company’s main exposure to credit risk is on its bank accounts. Bank accounts are with high credit quality financial institutions.

Liquidity Risk

The Company ensures that there is sufficient capital in order to meet short-term business requirements, after taking into account the Company’s holdings of cash. The Company’s cash is invested in business accounts which are available on demand.

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Interest Risk

The main significant market risk exposure to which the Company is exposed is interest rate risk. The Company's bank account earns interest income at variable rates. The fair value of its portfolio is relatively unaffected by changes in short-term interest rates. The Company's future interest income is exposed to short-term rates.

Exchange Risk

As at December 31, 2009 the majority of the Company's cash was held in Canada in Canadian Dollars. The Company's significant operations are carried out in Nevada. As a result a portion of the Company's working capital is denominated in Canadian dollars and is therefore subject to fluctuation in exchange rates. The effect of a one percent change in the foreign exchange rate on the cash held in Canadian dollars would be approximately \$114,000. At December 31, 2009 the US to Canadian dollar exchange rate was \$1.051 an increase of over 11% over the exchange rate of \$1.163 at June 30, 2009 that resulted in a foreign exchange gain of \$1,392,171 in the six months ended December 31, 2009 on its Canadian denominated cash and working capital.

Price risk

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

4. INVESTMENT

At December 31, 2009, the Company owns 1,500,000 common shares of North Range Resources Ltd. that were received on a settlement of a debt related to the Bunce property in the year ended June 30, 2009. North Range is a private company and the Company has written down the fair value of the common shares that currently represent approximately 6% of the total issued and outstanding shares of North Range to zero.

5. EQUIPMENT

	December 31, 2009			June 30, 2009	
	Cost	Accumulated Depreciation	Net Book Value	Net Book Value	
Office equipment	\$ 18,241	\$ 11,691	\$ 6,550	7,912	
Computers	53,003	41,933	11,070	15,994	
Field equipment	160,175	76,338	83,837	117,179	
Net book value	\$ 231,419	\$ 129,962	\$ 101,457	\$ 141,085	

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6. MINERAL PROPERTIES

Title to mineral properties 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 conveyance history characteristic of many mineral properties. The Company has investigated title to all of its mineral properties, and to the best of its knowledge, all properties are in good standing. All of the Company's mineral properties are listed in alphabetical order.

	June 30, 2009	Additions	Recoveries	Written off	December 31, 2009
Nevada:					
Arabia	\$ 4,876	\$ -	\$ -	\$ -	\$ 4,876
Buffalo Canyon	-	-	-	-	-
Bunce	158,757	-	-	-	158,757
Fireball Ridge	5,000	16,000	-	-	21,000
Fireball South	1,600	-	-	-	1,600
Gold Star	6,439	-	-	-	6,439
Green Monster	-	10,000	(10,000)	-	-
Hays Canyon	-	-	-	-	-
Hum	-	-	-	-	-
Jessup-West (JPW)	-	-	-	-	-
Leonid	-	-	-	-	-
Long Canyon Venture	146,589	2,088,380	-	-	2,234,969
Long Canyon South	-	-	-	-	-
NLRC License	38,175	-	-	-	38,175
Olympic	35,000	-	-	-	35,000
Pasco Canyon	-	-	-	-	-
West Pequop Venture	290,054	-	-	-	290,054
Pequop South	9,262	-	(9,262)	-	-
Reef	15,366	-	-	-	15,366
Rose Mine	10,000	10,000	-	-	20,000
Sinter	18,820	-	-	-	18,820
Spruce Mountain	-	16,638	-	-	16,638
Trinity Silver	-	-	-	-	-
Wood Hills South	68,330	-	(20,810)	-	47,520
Utah:					
Wildcat	2,610	-	-	-	2,610
Spain:					
Baza	-	93,842	(93,842)	-	-
Argentina:					
Santa Cruz	19,957	-	-	-	19,957
Meridiano	10,037	-	-	-	10,037
Mineral properties	\$ 840,872	\$ 2,234,860	\$ (133,914)	\$ -	\$ 2,941,818

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Details on the Company's mineral properties are found in Note 6 to the audited consolidated financial statements for the year ended June 30, 2009 and only material differences to those agreements are noted below:

Fireball Ridge, Churchill County, Nevada

On October 8, 2009, pursuant to the October 24, 2004 mining lease with Beverly Grove, the Company exercised its option to purchase the property for \$16,000.

Long Canyon Property, Elko County, Nevada

The Company's Long Canyon property is under a December 22, 2006 exploration and option to joint venture agreement with NewWest Gold USA Inc., which is owned by Fronteer Development Group Inc. ("Fronteer"). Fronteer owns 51% and is the operator of the Long Canyon Venture with the Company participating at 49%. Each party reserved a 3% Net Smelter Return ("NSR") royalty on lands contributed.

In July 2009, Fronteer completed the acquisition of the M&N Ranch, together with all water rights, for the benefit of the Long Canyon Venture for consideration of \$4,262,000 of which the Company's 49% share was \$2,088,380.

Pasco Canyon, Nye County, Nevada

On December 31, 2009 the Company terminated the February 15, 2006 agreement with Piedmont Mining Company Inc. on the Pasco Canyon project for default.

Pequop South project, Elko County, Nevada

On August 7, 2009 the Company entered into an exploration and development option agreement with Golden Dory Resources Corp. ("Golden Dory") on the Company-owned Pequop South project. Golden Dory paid the Company \$20,000 on signing and must expend at least \$50,000 during the first year of the agreement. Golden Dory must expend a minimum of \$2,850,000 and complete a bankable feasibility study within seven years to earn a 70% interest in the Pequop South property whereupon a joint venture would be formed. Should Golden Dory expend \$5,000,000 or more and terminate its interest without vesting, it would be entitled to a 3% NSR royalty capped at twice its investment.

Spruce Mountain project, Elko County, Nevada

The Company staked claims for the Spruce Mountain project, Elko County, Nevada in fiscal 2010 at a cost of \$16,638.

Trinity Silver project, Pershing County, Nevada

The Trinity Silver property consists of leased and sub-leased fee land and unpatented mining claims held under lease from Newmont.

On August 28, 2009 the Company executed a letter of intent ("LOI") to enter an exploration earn-in agreement with Yellowcake Mining, Inc. ("YCM") an American OTC-BB listed company based in Vancouver, British Columbia on the Trinity Silver property. The letter obligated YCM to sign the agreement by November 1, 2009, a date extended verbally by the company to November 15, 2009. YCM failed to meet the deadlines for signing and payment. The Company terminated the LOI on December 31, 2009.

Wood Hills South project, Elko County, Nevada

On December 8, 2009, the Company entered into an exploration earn in agreement with NuLegacy Gold Corporation NV (“NuLegacy”) on the Wood Hills South project. NuLegacy paid the Company \$20,000 on signing and must expend at least \$150,000 during the first year of the agreement. A total of \$5,000,000 must be expended by NuLegacy within 6 years to earn a 70% interest in the Wood Hills South project whereupon a joint venture would be formed.

Baza Project, Spain

On September 28, 2009 EuEx Resources Inc. (“EuEx”), a wholly owned subsidiary of the Company, purchased Basti Resources S.L. (“Basti”) for €14,000 of which €4,000 was paid in October 2009 and the remainder will be paid in €50,000 annual installments commencing November 20, 2009. The sellers retained a 1.5% NSR that can be bought down. The Company has had a grub stake agreement with Basti since 2006.

On October 13, 2009 Basti and the Company signed an option agreement (the “Agreement”) with Western Uranium Corporation (“WUC”) whereby WUC can acquire a 70% interest in the properties owned by Basti (the “Baza Project”) by funding the continued exploration and development within the Baza Project Area of Interest.

WUC has the right to carry EuEx through bankable feasibility on any given exploration permit to earn up to 70% of the project and by paying an aggregate of \$400,000 to the Company of which \$100,000 was received on October 13, 2009. To maintain the option \$100,000 must be paid on the first, second, and third anniversaries of the Agreement to the Company and minimum annual expenditures must be incurred at the rate of:

1. €500,000 on or before the first anniversary;
2. €600,000 on or before the second anniversary;
3. €1,000,000 on or before the third anniversary; and
4. €500,000 in each subsequent year until such time as a bankable feasibility study is obtained on a particular Permit.

If WUC spends at least €3,000,000 on any given exploration permit or application, it is entitled to a 5% NSR which reduces to a 1% NSR after €6,000,000 in payments.

7. RESTRICTED CASH, RECLAMATION BONDS AND ASSET RETIREMENT OBLIGATION

The Company is required to post bonds with the Bureau of Land Management (“BLM”) for reclamation of planned mineral exploration programs work associated with the Company’s mineral properties located in the United States. For the Company’s mineral properties that are being actively explored under funding arrangement agreements, the funding partners are responsible for bonding for the surface disturbance created by the exploration programs funded by each of them on those projects.

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	December 31, 2009	June 30, 2009
Restricted cash		
West Pequop	\$ 196,951	\$ 190,454
Long Canyon Joint Venture	449,428	173,898
	<u>\$ 646,379</u>	<u>\$ 364,352</u>
Reclamation bond		
Long Canyon Joint Venture	\$ 19,427	\$ -
Asset retirement obligation		
West Pequop	\$ 190,454	\$ 190,454
Long Canyon Joint Venture	154,388	139,118
	<u>\$ 344,842</u>	<u>\$ 329,572</u>

Agnico-Eagle Mines Ltd. (“Agnico”) earned a 51% interest in the West Pequop property on June 19, 2008 and the surface disturbance to that date was determined to be \$388,682 of which the Company’s share is \$190,454 (June 30, 2009 - \$190,454). The Company has posted a Letter of Credit with the BLM that is in turn secured by interest earning restricted cash taking the form of a certificate of deposit of \$196,951 (June 30, 2009 - \$190,454). As Agnico is responsible for surface disturbance going forward on this project the amount of the reclamation bond is equal to the asset retirement obligation for this project.

The Company’s 49% participating share of a Letter of Credit and reclamation bond with the BLM held by Fronteer Development Group Inc. on behalf of the Long Canyon Joint Venture is \$173,558 (June 30, 2009 - \$173,898). In addition the Company has posted \$275,870 being its 49% share of escrowed cash, with the City of Wendover, Nevada that will be released upon completion of a water production well.

At December 31, 2009 the Company estimates its 49% share of the surface disturbance at the Long Canyon Joint Venture project to be \$154,388 (June 30, 2009 - \$139,118).

8. RELATED PARTY TRANSACTIONS

Unless disclosed elsewhere, related party transactions for the six months ended December 31, 2009 are as follows:

- (a) Paid or accrued \$42,646 (December 31, 2008 - \$41,295) for consulting fees to Golden Oak Corporate Services Ltd., a company controlled by an officer of the Company.
- (b) Paid or accrued \$26,831 (December 31, 2008 - \$11,753) for consulting fees for investor relations services to the spouse of an officer of the Company.
- (c) Paid half of the annual lease payments for the Green Monster (\$10,000) (December 31, 2008 - \$7,500) and the Rose Mine (\$5,000) (December 31, 2008 - \$5,000) projects to a company controlled by a director of the Company.

An amount of \$24,437 for expenses and director fees owed to officers and directors are included in accounts payable and accrued liabilities (June 30, 2009 - \$33,584). These amounts were paid subsequently.

The related party transactions were in the normal course of operations and were measured at the exchange amount, which is the amount of consideration established and agreed to by the related parties.

9. CAPITAL STOCK AND CONTRIBUTED SURPLUS

Authorized: An unlimited number of common shares without par value and 10,000,000 preferred shares

Issued and outstanding:

	Shares	Value	Contributed Surplus
Outstanding at June 30, 2009	39,754,405	\$ 31,389,217	\$ 3,692,292
Issued during period:			
Stock options exercised	450,786	86,265	(66,265)
Fair value of stock options vested	-	-	767,621
Outstanding at December 31, 2009	40,205,191	\$ 31,475,482	\$ 4,393,648

During the six months ended December 31, 2009, the Company issued 350,786 common shares for the cashless exercise of 400,000 stock options and 100,000 common shares for the exercise of 100,000 stock options for cash proceeds of \$20,000.

Exchangeable Shares

The Company issued a special voting share to a transfer agent attaching a number of votes equal to the number of Exchangeable Shares at any given time, or, at June 28, 2005 the equivalent of 7,979,817 common shares in exchange for the 7,979,817 Class B shares of Holdings held by the former shareholders of AuEx, Inc. At December 31, 2009 there were 4,514,370 Class B shares outstanding (June 30, 2009 – 4,615,279). All of the Exchangeable Shares have been included in the outstanding share capital schedule.

Shareholder Rights Plan

On June 15, 2009 the Company’s shareholders adopted a shareholder rights plan (the “Rights Plan”) to protect the Company’s shareholders from unfair, abusive or coercive take-over strategies, including the acquisition of control of the Company through a take-over bid that does not treat all shareholders equally or fairly.

The primary objective of the Rights Plan is to provide the Board of Directors with sufficient time to explore and develop alternatives for maximizing shareholder value if a take-over bid is made for the Company and to ensure that every shareholder has an equal opportunity to participate in such a bid. The Rights Plan is similar to plans adopted by other Canadian companies and ratified by their shareholders. The Company is not aware of any pending or threatened take-over bid for the Company.

The Rights Plan is intended to encourage a person (an “Acquiring Person”) who makes a take-over bid to proceed either with the approval of the Company’s Board of Directors or by way of a “Permitted Bid”, which generally requires a take-over bid to satisfy certain minimum standards designed to promote fairness. Those standards include a requirement that the bid be kept open for at least 60 days and that, if more than 50% of the shares subject to the bid are tendered within that period, the bid must remain open for an additional 10 days to permit the other shareholders to also tender their shares. The 10 day provision is designed to reduce the pressure to tender during the initial 60-day period.

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The Rights Plan provides that if a take-over bid fails to meet these minimum standards and the Rights Plan is not waived by the Board of Directors, holders of Voting Shares other than the Acquiring Person will be able to purchase additional common shares of the Company at a discount to market, thus exposing the Acquiring Person to substantial dilution of its holdings.

Warrants

The continuity for share purchase warrants for the six months ended December 31, 2009:

Expiry date	Exercise		Issued	Exercised	Expired	Balance, December 31, 2009
	Price Cdn \$	Balance, June 30, 2009				
March 11, 2011	2.75	1,500,000	-	-	-	1,500,000
June 16, 2011	2.75	2,569,750	-	-	-	2,569,750
		4,069,750	-	-	-	4,069,750
Weighted average exercise price US		\$2.36	\$ -	\$ -	\$ -	\$ 2.57

- a) The warrants that expire March 11, 2011 entitle the warrant holder to purchase one additional share at a price of C\$2.75 per share for the first year following issuance and C\$3.25 for the second year following issuance. In the event that the trading price of the Company's shares on the Toronto Stock Exchange is C\$4.12 or greater for a period of 20 consecutive trading days in the period commencing either four months and up to twelve months after the closing date or above C\$4.87 per share thereafter, the Company may provide notice of an earlier expiry of the warrants, in which case the warrants shall expire 30 days after such notice is given.
- b) The warrants that expire June 16, 2011 entitle the warrant holder to purchase one additional share at a price of C\$2.75 per share for the first year following issuance and C\$3.30 for the second year following issuance. In the event that the trading price of the Company's shares on the Toronto Stock Exchange is C\$4.12 or greater for a period of 20 consecutive trading days in the period commencing either four months and up to twelve months after the closing date or above C\$4.95 per share thereafter, the Company may provide notice of an earlier expiry of the warrants, in which case the warrants shall expire 30 days after such notice is given.

Stock options

On October 26, 2009, the Company's shareholders approved an increase in the shares reserved for the combined Incentive and Non-qualified Stock Option Plan (the "Plan") to 8,000,000 shares reserved for issuance. All options granted pursuant to the Plan are for a term of five years and vest as to one-third on each six month anniversary from the date of grant.

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The continuity for stock options for the six months ended December 31, 2009 is as follows:

Expiry date	Exercise price		Balance, June 30, 2009	Granted	Exercised	Expired	Balance, December 31, 2009
	US\$	Cdn \$					
November 2, 2009	\$0.20		200,000	-	(200,000)	-	-
November 2, 2009	\$0.32		300,000	-	(300,000)	-	-
June 15, 2011		\$1.75	835,000	-	-	-	835,000
February 13, 2012		\$2.43	100,000	-	-	-	100,000
July 11, 2012		\$2.15	1,140,000	-	-	-	1,140,000
July 24, 2013		\$2.14	775,000	-	-	-	775,000
December 30, 2013		\$1.73	565,000	-	-	-	565,000
July 16, 2014		\$2.50	-	585,000	-	-	585,000
			3,915,000	585,000	(500,000)	-	4,000,000
Weighted average exercise price US			\$ 1.53	\$ 2.38	\$ 0.28		\$ 1.96

At December 31, 2009, 2,968,324 of the stock options were exercisable.

Stock compensation expense

On July 16, 2009 the Directors granted 585,000 options with a fair value of \$854,188 or \$1.46 per option. The fair value recognized in the six months ended December 31, 2009 was \$478,503 and the remaining \$375,685 will be recognized in fiscal 2010 and 2011. The fair value was estimated on the grant date using the Black-Scholes Option Pricing Model with the following assumptions: 82% expected stock price volatility, a 2.52% risk free interest rate, a 4.77 year expected life and zero expected dividend yield.

On December 30, 2008 the Directors granted 565,000 options with a fair value of \$536,457 or \$0.95 per option. The fair value was recognized as \$327,835 in fiscal 2009, \$149,016 was recognized in the six months ended December 31, 2009 and the remaining \$59,606 will be recognized in the remainder of fiscal 2010. The fair value was estimated on the grant date using the Black-Scholes Option Pricing Model with the following assumptions: 87% expected stock price volatility, a 1.7% risk free interest rate, a 4.77 year expected life and zero expected dividend yield.

On July 24, 2008 the Directors granted 850,000 options of which 66,667 were subsequently cancelled. The fair value to be recognized, net of forfeitures, is \$1,019,583 or \$1.30 per option. The fair value was recognized as \$860,800 in fiscal 2009, \$140,102 in the six months ended December 31, 2009 and the remaining \$18,681 will be recognized in the remainder of 2010. The fair value was estimated on the grant date using the Black-Scholes Option Pricing Model with the following assumptions: 83% expected stock price volatility, a 3.4% risk free interest rate, a 4.77 year expected life and zero expected dividend yield.

Total stock-based compensation expense is \$767,621 of which \$731,636 is recognized in general expenses and \$35,985 is recognized in Argentina mineral exploration expenditures. This compares to stock-based compensation expense of \$792,710 in the six months ended December 31, 2008 of which \$665,152 was recognized in general expenses and \$127,558 was recognized in Argentina mineral exploration expenditures.

9. MANAGEMENT OF CAPITAL

The Company defines the capital it manages as cash and equity, consisting of share capital, stock options and share purchase warrants. The Company manages its capital structure and makes adjustments to it, based on the funds available to the Company, in order to support the acquisition, exploration and development of mineral properties. Management does not establish quantitative return on capital criteria for management, but rather relies on the expertise of the Company's management to sustain future development of the business.

The properties in which the Company currently has an interest are in the exploration stage; as such the Company has historically relied on the equity markets to fund its activities. The Company will continue to assess new properties and seek to acquire an interest in additional properties if it feels there is sufficient geologic or economic potential and if it has adequate financial resources to do so.

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

10. SEGMENT INFORMATION

The Company operates in one business segment being the acquisition and exploration of mineral properties and has three geographical segments: USA, Argentina and Spain. The total assets attributable to the geographical locations relate primarily to equipment and deferred mineral property costs and have been disclosed in notes 5 and 6.

11. SUBSEQUENT EVENT

Subsequent to December 31, 2009 the Company issued 153,000 common shares pursuant to the exercise of share purchase warrants at an exercise price of C\$2.75 for proceeds of \$397,501 (C\$420,750).