



ANNUAL REPORT

JUNE 30, 2009

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 audited annual consolidated financial statements and related notes thereto for the year ended June 30, 2009 and June 30, 2008 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 September 28, 2009.

Overview

AuEx Ventures, Inc. is a Toronto Stock Exchange ("TSX") listed precious metals exploration company that has a current portfolio of twenty three exploration projects in Nevada and Utah, two projects in Spain and two projects in Argentina. The Company controls about 176,000 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.

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

Operation Highlights for the year ended June 30, 2009 and up to September 24, 2009

- AuEx retains 49% interest in Long Canyon Joint Venture
- First resource estimate for Long Canyon confirms potential of the Pequop gold district
- Agnico drilling at West Pequop
- Generative exploration programs ongoing in Nevada, Utah, Argentina and Spain – 96,000 acres of land added in North Eastern Nevada
- Three private placements and share purchase warrants exercised raised \$20.5 million
- AuEx graduated to the TSX on July 7, 2008
- Shareholder rights plan adopted June 15, 2009

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 \$20 million on AuEx projects for exploration and drilling in calendar 2010.

Long Canyon Joint Venture –

The Company's Long Canyon exploration project is located in Elko County, Nevada. By September 11, 2008 Fronteer had expended \$5 million to vest a 51% interest in the Long Canyon Venture with the Company participating at 49%.

The discovery, located 6.5 km (4 miles) south of the I-80 Freeway corridor in northeastern Nevada, is a deposit in an area far from the established gold trends. Long Canyon shares several characteristics with Carlin-type gold deposits.

Characteristics of Long Canyon unusual among Carlin-type gold deposits include: gold grains in calcite veins; common association of hematite with gold mineralization; and, the property's general location outside known gold deposit trends.

It is believed that Long Canyon and West Pequop potentially defines Nevada's newest gold district as defined by the Nevada Bureau of Mines and Geology.

Drilling at Long Canyon has defined a new mineral trend featuring an open-ended zone of shallow, oxidized gold mineralization, including significant high-grade intercepts. To date, Long Canyon's work-program has extended mineralization along trend to 2 kilometres and across multiple zones, with a footprint up to 400 metres in width.

The project announced its first resource estimate, as of March, 2009 quoted at a cut-off grade of 0.30 grams per tonne gold, comprising:

- An Indicated resource of 363,000 ounces at an average grade of 2.35 grams per tonne ("g/t") gold (4,808,000 tonnes)
- An Inferred resource of 459,000 ounces at an average grade of 1.63 g/t gold (8,780,000 tonnes).

Of particular significance, the grade-tonnage distribution of this estimate shows that higher cut-off grades only modestly reduce the number of contained ounces, while significantly increasing the average grade of the resource. This positive correlation speaks to the high-grade nature of the gold deposit.

For example, using a 1.0 g/t cut-off, 84% of the total resource ounces remain as follows:

- An Indicated resource of 322,000 ounces at an average grade of 4.01 g/t gold (2,496,000 tonnes)
- An Inferred resource of 369,000 ounces at an average grade of 3.16 g/t gold (3,634,000 tonnes).

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.

Long Canyon Joint Venture 2009 work program

Calendar 2009's \$14.1 million work program will build on the strong geological foundation established in 2008, with a clear focus on both increasing the deposit size and better understanding the scope of potential development scenarios.

In August 2009 the budget was increased to include the purchase of the M & N Ranch located immediately east of the Long Canyon area of interest. This joint venture purchase provides the Long Canyon Venture with 11,800 acres of surface rights and 1,657 acre-feet of water rights. The Company's share of the purchase price was \$2.1 million.

Approximately \$10 million is being spent on expansion and infill drilling, with 35,000 metres of RC and core drilling planned. The balance of the budget will be spent on preliminary environmental, engineering and metallurgical studies to begin assessing potential processing options and economics of the deposit. Fieldwork for the program began in early May and up to September 15, 2009 approximately 17,400 metres and 142 holes have been drilled.

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.

Open-pit mine designs and schedules have now been completed by Mine Development Associates ("MDA") of Reno, Nevada. The design study used the project's initial NI 43-101 resource estimate completed by MDA in March 2009. Cash flow models based on estimated capital and operating costs for the project are now being finalized for this near-surface, 100% oxide gold deposit. The data is expected to be included in a NI 43-101 compliant Preliminary Economic Assessment Study planned to be completed by year-end.

Metallurgical samples obtained from 15 core holes on two mineralized cross sections have now been composited and submitted to McClelland Laboratories Inc. in Sparks, Nevada. Three additional core holes, on a third cross section, are awaiting final assays before compositing and submittal to McClelland. Metallurgical tests will provide a more detailed understanding of gold recoveries than what was previously provided by column-leach testing of bulk samples taken exclusively from road cuts. The metallurgical program is designed and supervised by Gary Simmons of GL Simmons Consulting LLC. Metallurgical findings are expected to be reported during the first quarter of 2010.

Four geotechnical holes have now been drilled to investigate rock quality and strength in areas that are planned to eventually host open-pit high walls. The geotechnical program is being conducted by Golder Associates in Reno, Nevada and initial findings are planned to be available by the end of 2009.

Ongoing drilling continues to highlight the strong continuity and high-grade nature of gold mineralization at Long Canyon. Drill results from this season's work program are expected to be included in an updated NI 43-101 resource estimate to be completed during the first quarter of 2010.

Four drill rigs will be dedicated to testing the north, northeast and east sides of the deposit, with a focus on areas where high-grade mineralization is open-ended. The remainder of this year's work-program will focus on aggressive step-out drilling along strike outside of the current resource area, as well as testing the mineralization potential at depth underlying the currently defined resource.

From October 2008 to June 30, 2009 AuEx advanced \$5,371,449 to the Long Canyon Joint Venture of which \$2,755,311 was advanced in the fourth quarter 2009 and relates to the Company's share of the calendar 2009 Long Canyon Venture budget.

West Pequop project –

The Company's West Pequop exploration project is located in Elko County, Nevada. By June 19, 2008 Agnico Eagle USA, Inc. ("Agnico") had expended \$5 million to vest a 51% interest in the West Pequop Venture. Agnico has elected to earn an additional 19% interest by completing all subsequent expenditures through completion of a bankable feasibility study within five years. 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.

On January 22, 2009 the Company announced new gold assay results from the final 9 holes of the 2008 program, including core hole WNC-144 reporting 141 feet grading 0.238 ounces per ton gold from the Mountain Top zone. These results confirm and extend gold mineralization in the Mountain Top target area with mineralization still open in all directions including a structural trend along strike, a lateral zone of undrilled cave fill breccias, and at depth in a karsted zone. The results from hole 144 at Mountain Top confirm values found earlier in hole 135 with deeper extension of these values. The area is a complex zone of solution and cave collapse breccias and contains excellent grades making it attractive for further evaluation.

Exploration drilling was conducted in the Section 34, Mountain Top, Acrobat/Juggler and Range Front target areas for a total of over 35,000 feet. The results expanded the extent of high grade gold mineralization at Section 34 and Mountain Top and established the presence of gold mineralization at the Range Front target. Gold mineralization at West Pequop has now been found in several distinct stratigraphic positions within the enclosing Cambrian and Ordovician limestone and dolomite assemblages. Gold mineralization is typical of oxidized Carlin-type occurrences and is commonly associated with faulting, felsic dikes and solution collapse breccias.

Drilling is underway at West Pequop and is approximately half way through the season. Drilling in the first half focused on the known mineralized areas and it is planned that drilling in the second half of the season will include significant step-out drilling to potentially expand the mineralized areas.

Results from Agnico are pending.

The 2009 exploration program for the West Pequop joint venture is expected to comprise approximately 33,000 feet of both core and reverse circulation drilling totaling over \$4.0 million to be funded by Agnico. This program is designed to expand gold mineralization found at the Mountain Top, Section 34 and Acrobat areas and to discover

new gold mineralization in other areas identified by surface sampling and geological mapping. One core rig and one reverse circulation drill rig are active on the property since the beginning of May 2009 with drilling expected to be ongoing throughout the next several months on the 29,000 acres controlled by the venture.

Other Nevada projects -

North East Nevada acquisition program

A North East Nevada acquisition program conducted in the second half of the year resulted in an exploration and license and option to lease agreement with Nevada Land and Resource Company LLC covering approximately 73,000 acres of fee land and mineral rights and, in addition, the Company has staked unpatented mining claims covering approximately 23,440 acres all in the vicinity of the newly discovered Pequop Gold District in northeastern Elko County, Nevada.

Geologic field work revealed alteration and mineralization outside of the defined areas of interest now in joint venture by AuEx and its partners Agnico and Fronteer. These new areas were found using Thematic Mapper satellite imaging and BLEG surface sampling data which is of similar magnitude to that which lead to the original discovery of gold mineralization in the Pequop Gold District. In addition, geological data and geophysics have produced an intriguing reconstruction of the regional geology after taking into account significant Basin and Range extension. This has led to a new area of anomalous Pequop-style geochemistry on the edge of a pediment with buried geophysical targets. These data suggest that the Pequop Gold District may be more extensive than previously recognized.

These acquisition efforts strongly enhance the Company's presence in northeastern Nevada and allow us to capitalize on the knowledge learned in the Pequop Gold District.

Pequop South

On August 7, 2009 the Company executed an exploration earn-in agreement with Golden Dory Resources, Corp. ("GDR") of Gander, Newfoundland, Canada concerning one of the new prospects named the Pequop South gold property. It is located about 8 miles south of the Long Canyon gold deposit and comprises 79 unpatented mining claims.

GDR has paid the Company an initial payment of \$20,000 and has committed to expend a minimum of \$50,000 during the first agreement year. GDR is required to expend a minimum of \$2,850,000 and complete a bankable feasibility study within seven years to earn a 70% undivided interest in the South Pequop property. Should GDR expend \$5,000,000 or more and terminate its interest without vesting, it would be entitled to a 3% net smelter return royalty capped at twice its investment.

Eldorado Gold Projects

On June 24, 2008, the Company entered into a letter of agreement with Eldorado Gold Corp. allowing Eldorado the exclusive right to acquire a 51% interest in each of the North Klondike, Green Monster, Buffalo Canyon and Hays Canyon prospects and in this quarter, on execution of the definitive agreement, Eldorado paid the Company a \$90,000 option payment in the first quarter 2009.

On February 20, 2009 the Company reported that a 12 hole reverse circulation drilling program at the North Klondike gold/silver exploration project was completed in November totaling about 8,400 feet of drilling. High grade values in hole KN-08 appears to be a vein intercept likely similar to those mined historically elsewhere on the property. KN-08 also contained anomalous silver, arsenic and antimony values consistent with a low sulfidation epithermal system. The values encountered in hole KN-08 are open and further drilling to test this area and other targets were considered but both Eldorado and AuEx decided to terminate their interests in this property to focus attention and funds on the remaining projects. Eldorado met the minimum funding obligation of \$300,000 in the first agreement year.

Eldorado plans further work on the Buffalo Canyon, Green Monster and Hayes Canyon in the remainder of 2009 and 2010. Extensive geologic groundwork and permitting are underway at Buffalo Canyon and Green Monster with

drilling planned for 2010. New drill roads and pads were completed at Hays Canyon in late August 2009 and drilling will commence in the late September or October 2009.

Trinity Silver Project

Trinity Silver property consists of approximately 5,000 acres of leased and sub-leased fee land and 59 unpatented mining claims held under lease from Newmont.

On August 28, 2009 AuEx executed a letter of intent ("LOI") with Yellowcake Mining, Inc. ("YCMC") an American OTC-BB listed company based in Vancouver, British Columbia on the Trinity Silver property.

Under the terms of the LOI, YCMC will reimburse the Company for 2009 mining claim fees and will have until November 1, 2009 to sign an exploration earn-in agreement (the "Agreement"). Upon signing the Agreement, YCMC will pay the Company \$250,000 and incur expenses on the property during the first agreement year of at least \$500,000, and is committed to the preparation of a current resource estimate complying with NI43-101 standards. YCMC is required to pay the Company \$250,000 on the first anniversary of the Agreement and to expend a minimum of \$1,000,000 during the second Agreement year. YCMC must expend a minimum of \$5,000,000 within 6 years and complete a bankable feasibility study to earn an undivided 70% interest in the Trinity Silver property. Should YCMC expend \$3,000,000 or more and terminate its interest without vesting, it would be entitled to a 3% net smelter return royalty capped at twice its investment.

On signing the definitive agreement AuEx will undertake to YCMC that it will exercise its option to purchase the Trinity Silver property from Newmont for \$500,000 prior to December 31, 2009. Newmont retained a sliding scale royalty that increases to 5% at silver prices above \$10 per ounce. This royalty may be reduced by one percentage point under certain conditions. In addition, Newmont retains the right to back-in up to completion of feasibility upon fulfillment of specific expenditure requirements.

The Trinity Silver property was discovered in the early 1980's and was developed as a small open pit, oxide silver heap leach operation which produced about 5,000,000 ounces of silver over 2 years in the mid- to late 1980's. Unoxidized silver mineralization, defined by over 100 holes drilled at that time, was not mined. The Trinity Silver deposit is epithermal in style, tertiary in age and is hosted predominately in felsic volcanic rocks. AuEx conducted two earlier phases of drilling on the property totaling 25 core and reverse circulation holes under a previous earn-in agreement that was terminated on July 17, 2009.

Argentina update -

AuEx's exploration activities in Santa Cruz Province, Argentina are being conducted under an exploration agreement with Agnico. Under the agreement, Agnico and AuEx share 70:30 respectively in generative exploration expenditures with work activity conducted by AuEx. Exploration activity commenced approximately 18 months ago and to date AuEx has applied for 10 cotos and 1 "MD" and has leased 4 "MDS". These define thirteen distinct land packages of mineral rights totalling almost 90,000 hectares all in mining friendly Santa Cruz Province. Once an adequate level of work has been completed and exploration targets identified, the properties are presented to Agnico for consideration to enter into an exploration earn-in agreement. To date, two projects, Meridiano and Gertrudis, have been accepted by Agnico and work on these projects funded 100% by Agnico is underway. Agnico can vest an initial 60% interest in these properties upon completion of \$1,000,000 in exploration expenditures and can then elect to earn an additional 10% interest by carrying all further costs through feasibility capped at \$10,000,000.

Generative activity is continuing as well as work to bring other existing properties to a project stage for presentation to Agnico. Properties not accepted by Agnico remain the property of AuEx with no further obligations to Agnico.

The Meridiano Project contains a caldera complex within which is a 1 kilometer by 0.6 kilometer area with anomalous gold mineralization hosted within a series of structural zones with multistage hydrothermal breccias. To date, 339 outcrop samples have been taken from these zones from which 71 have returned gold values exceeding 0.5 g/t with a high value of 8.9 g/t gold. The gold values are accompanied by anomalous arsenic and antimony typical of low-sulfidation, epithermal gold systems. The nature and extent of the hydrothermal brecciation suggests the possibility of a bulk tonnage exploration target rather than a vein target which is more typical of the region. This project is being readied for drilling later in 2009.

The Gertrudis Project contains two parallel structural corridors of silicification and brecciation that are up to a kilometer in length before being covered and are within a broader complex of parallel trending andesite dikes. These zones of silicification consistently run hundreds of parts per billion gold and appear to be in the upper portion of a typical zoned epithermal environment. Trace element geochemistry compliments the gold values and helps to define drill targets where higher temperature trace elements are coincident with higher gold values. Drilling is envisioned for the two zones in early 2010.

Baza Spain update –

The Baza project in southern Spain has seen continued surface work to comply with work requirements by the government to maintain the exploration licenses. Land is acquired on a 20 second by 20 second latitude-longitude grid (about 30.5 Hectares) and is termed "Cuadriculas". The underlying company, Basti, that owns these rights has two permits of investigation formally granted including Marcia (50 Cuadriculas) and Marcia II (152 Cuadriculas). A third property Marcia III (143 Cuadriculas) has been applied for but is not yet formally granted.

Geologically the siderite-albite veins, with considerable copper and gold values in places (up to 20 g/t gold and 10% copper), are similar to Kinsanshi in the Zambian Copper Belt. This was verified in June 2009 by inviting one of the experts in this deposit type, Professor Murray Hitzman from Colorado School of Mines to the project. Professor Hitzman agreed with the analogy. More mineralization is being found from surface work and mapping and a ground geophysical program for magnetics and radiometrics surveys is underway.

Shareholder rights plan

At an extraordinary meeting of the shareholders held 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 AuEx 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. AuEx 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.

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 significant discount to market, thus exposing the Acquiring Person to substantial dilution of its holdings.

A copy of the Rights Plan is available for viewing through the Internet at the Canadian System for Document Analysis and Retrieval (SEDAR) at www.sedar.com.

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

Selected Annual Information

	Fiscal Year Ended June 30 2009 audited	Fiscal Year Ended June 30 2008 audited	Fiscal Year Ended June 30 2007 audited
Statement of Operations			
Net revenues	\$nil	\$nil	\$ nil
Net loss	(7,608,445)	(3,533,175)	(1,862,192)
Net loss per share	(0.26)	(0.14)	(0.08)
Balance Sheet			
Total assets	\$19,837,513	\$5,653,906	\$7,444,442
Asset retirement obligation	(329,572)	(190,454)	(150,000)
Dividends	-	-	-

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 is out of the Company's control and 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. Bearing these risks in mind, AuEx has assumed recent world commodity prices will be sustainable. 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.

Changes in Accounting Policies including Initial Adoption

Effective July 1, 2008, the Company adopted the following new accounting standards that were issued by the Canadian Institute of Chartered Accountants ("CICA"). There was no material impact on the Company's financial condition or operating results as a result of the adoption of these new standards:

- a) Section 1400 - General standards of financial statement presentation

The Company implemented this Section which required the Company to include management's assessment and disclosure of an entity's ability to continue as a going concern.

- b) Section 3862 – Financial instruments – disclosures

This Section requires the Company to provide disclosure of quantitative and qualitative information in their financial statements that enable users to evaluate (a) the significance of financial instruments for the entity's financial position and performance; and (b) the nature and extent of risks arising from financial instruments to which the entity is exposed during the period and at the balance sheet date, and management's objectives, policies and procedures for managing such risks.

- c) Section 3863 – Financial instruments – presentation

This Section was issued to enhance financial statement users' understanding of the significance of financial instruments to an entity's financial position, performance and cash flows. This section establishes standards for presentation of financial instruments and non-financial derivatives. It deals with the classification of financial instruments, from the perspective of the issuer, between liabilities and equity, the classification of related interest, dividends, losses and gains, and the circumstances in which financial assets and financial liabilities are offset. The initial adoption of this standard did not have an effect on the financial statements.

- d) Section 1535 – Capital disclosures

This Section requires the disclosure of qualitative and quantitative information that enables the users to evaluate the Company's objectives, policies and processes for managing capital as well as the implications of non-compliance (Note 11).

Recent accounting pronouncements

Goodwill and intangible assets

The CICA issued a new accounting standard, Section 3064 "Goodwill and Intangible Assets" which will replace 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. This standard is effective for the Company's interim and annual financial statements commencing July 1, 2009. The adoption of this standard is not expected to have a material impact on the Company's financial statements.

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 June 1, 2011. Early adoption of this Section is permitted and all three Sections must be adopted concurrently.

International financial reporting standards ("IFRS")

In 2006, the Canadian Accounting Standards Board ("AcSB") published a new strategic plan that will significantly affect financial reporting requirements for Canadian companies. The AcSB strategic plan outlines the convergence of Canadian GAAP with IFRS over an expected five year transitional period. In February 2008 the AcSB 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.

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 year ended June 30, 2009

The consolidated net loss for the year ended June 30, 2009 was \$7,608,445 (2008 - \$3,533,175).

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

Mineral property exploration expenditures of \$6,643,296, net of \$1,839,045 recovered from funding partners, was \$4,804,251 (2008 - \$1,323,917 net). Included in the recovery was the assigned value of \$513,711 of 1,500,000 common shares of North Range, a private company, as payment of exploration expenditures pursuant to the Bunce project. The shares were subsequently written-off as there is no market at this time to sell them. The Company received a \$90,000 mineral property option payment from Eldorado of which \$74,087 recovered the balance of capitalized acquisition costs and the remaining \$15,913 reduced the net loss for the year. 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.

Regulatory and transfer agent fees were \$125,845 (2008 - \$16,660), an increase of \$109,185 due primarily to the original listing fees to graduate onto the TSX.

Salaries and benefits charged to administration totaled \$710,236 (2008 - \$507,502) which amount includes \$113,560 of directors fees (2008 - \$43,500). Salaries and benefits included in mineral property exploration expenditures were an additional \$273,112 (2008 - \$487,682) of which \$68,141 (2008 - \$123,347) was recovered from funding partners. Including Ronald Parratt and Richard Bedell, the Company now has five full time geologists employed, and six part time consultants based in the exploration office in Reno, Nevada and one full time geologist based in Argentina.

The non-cash stock-based compensation expense of \$1,263,229 (2008 - \$1,375,516) is the recognition of the fair value of stock options over their vesting periods. Another \$119,615 (2008 - \$197,725) of stock-based compensation expense is included in the Argentina mineral property exploration expenditure.

Summary of Quarterly Results

	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	3 months ended December 31, 2007	3 months ended September 30, 2007
Total revenues	\$-	\$-	\$-	\$-	\$-	\$-	\$-	\$-
Net loss	(2,420,460)	(1,350,330)	(2,483,647)	(1,354,008)	(1,049,123)	(1,004,103)	(848,913)	(631,036)
Net loss per share, basic and diluted	(0.08)	(0.04)	(0.09)	(0.05)	(0.04)	(0.04)	(0.03)	(0.03)

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.

Fourth Quarter

The Company began the fourth quarter with \$11,034,367 cash. During the fourth quarter the Company expended \$2,952,313 in operating costs and invested \$332,276 in mineral property acquisition costs and the purchase of equipment. The Company raised proceeds net of issue costs of \$9,343,413 from the sale of shares to end the quarter and the year with \$17,093,191 cash.

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 June 30, 2009 the Company had working capital of \$18,137,636 compared to working capital at June 30, 2008 of \$4,445,270.

In the year ended June 30, 2009 the Company conducted three separate private placements of units, with a unit comprised in each case one common share and one half common share purchase warrant. The Company raised proceeds of \$18,268,714 and issued 12,000,000 common shares and 6,000,000 common share purchase warrants. Share issue costs including commissions totalled \$1,000,459.

By May 28, 2009 a total of 2,000,000 of the share purchase warrants had been exercised for proceeds of \$2,218,722.

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 dilutive, or potentially dilutive, to its shareholders. It is expected that the Long Canyon resource estimate to be conducted in the first quarter 2010 will significantly 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 warrants and stock options were exercised for cash the Company would realize approximately \$15.6 million in additional capital.

Transactions with Related Parties

Unless disclosed elsewhere, related party transactions for the year ended June 30, 2009 are as follows:

- (a) Paid or accrued \$78,468 (2008 - \$78,777) for consulting fees to Golden Oak Corporate Services Ltd. a company controlled by Doris Meyer, an officer of the Company.
- (b) Paid or accrued \$30,000 (2008 - \$Nil) for consulting fees to Connie Parratt, the wife of Ronald Parratt an officer and director of the Company.
- (c) An amount of \$33,584 for expenses owed to officers and directors is included in accounts payable and accrued liabilities at June 30, 2009 (June 30, 2008 - \$143). These amounts were paid subsequently.
- (d) The Company has leased the Rose Mine project in part from a company controlled by Richard Bedell, a director of the Company (Note 6 to the financial statements) for an initial payment of \$10,000.

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 September 28, 2009

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 June 30, 2009	35,139,126	4,615,279	39,754,405	4,069,750	3,915,000
Stock options	260,925	-	260,925	-	(300,000)
Stock options granted	-	-	-	-	585,000
Exchangeable shares issued	10,000	(10,000)	-	-	-
Balance September 28, 2009	35,410,051	4,605,279	40,015,330	4,069,750	4,200,000

Financial Instruments and related risks

The Company's financial instruments consist of cash, marketable securities, 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.

Technical Reporting

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.

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 year 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 year ending June 30, 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 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.



CONSOLIDATED FINANCIAL STATEMENTS
(Expressed in U.S. Dollars)

JUNE 30, 2009

AUDITORS' REPORT

To the Shareholders of
AuEx Ventures, Inc.

We have audited the consolidated balance sheets of AuEx Ventures, Inc. as at June 30, 2009 and 2008 and the consolidated statements of operations and deficit and cash flows for the years then ended. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with Canadian generally accepted auditing standards. Those standards require that we plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In our opinion, these consolidated financial statements present fairly, in all material respects, the financial position of the Company as at June 30, 2009 and 2008 and the results of its operations and its cash flows for the years then ended in accordance with Canadian generally accepted accounting principles.

"DAVIDSON & COMPANY LLP"

Vancouver, Canada

Chartered Accountants

September 28, 2009



AUEX VENTURES, INC.
CONSOLIDATED BALANCE SHEETS
(Expressed in U.S. dollars)
AS AT JUNE 30

	2009	2008
ASSETS		
Current		
Cash	\$ 17,093,191	\$ 4,412,448
Exploration advances	995,379	-
Receivables	401,638	162,248
Prepaid expense	996	29,539
	<u>18,491,204</u>	<u>4,604,235</u>
Equipment (Note 5)	141,085	79,627
Mineral properties (Note 6)	840,872	607,317
Restricted cash (Note 7)	364,352	337,462
Reclamation bond	-	25,265
	<u>19,837,513</u>	<u>5,653,906</u>
	\$ 19,837,513	\$ 5,653,906
LIABILITIES AND SHAREHOLDERS' EQUITY		
Current		
Accounts payable and accrued liabilities	\$ 353,568	\$ 158,965
Asset retirement obligation (Note 8)	329,572	190,454
	<u>683,140</u>	<u>349,419</u>
Shareholders' Equity		
Capital stock (Note 10)	31,389,217	11,119,720
Contributed surplus (Note 10)	3,692,292	2,503,458
Deficit	(15,927,136)	(8,318,691)
	<u>19,154,373</u>	<u>5,304,487</u>
	\$ 19,837,513	\$ 5,653,906

Nature of operations (Note 1)

Subsequent events (Notes 6 and 14)

Approved by the Board of Directors

“Ronald Parratt”, Director

“Robert Boaz”, Director

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

AUEX VENTURES, INC.
CONSOLIDATED STATEMENTS OF OPERATIONS AND DEFICIT
(Expressed in U.S. dollars)
YEARS ENDED JUNE 30

	2009	2008
EXPENSES		
Amortization	\$ 38,743	\$ 25,988
Consulting	134,461	126,942
Foreign exchange gain	(567,136)	(40,255)
Insurance	46,533	44,532
Management fees	(2,655)	(34,084)
Mineral property exploration expenditures (Schedule)	4,804,251	1,323,917
Mineral property recoveries	(15,913)	(52,091)
Office and miscellaneous	71,927	41,589
Professional fees	137,781	121,746
Regulatory and transfer agent fees	125,845	16,660
Rent	48,414	55,764
Salaries and benefits	710,236	507,502
Shareholder relations	215,637	144,355
Stock-based compensation (Note 10)	1,263,229	1,375,516
Travel and related	36,972	31,755
Loss before other items	(7,048,325)	(3,689,836)
OTHER ITEMS		
Interest and other income	55,576	166,661
Mineral properties written off (Note 6)	(101,985)	(10,000)
Investment written off (Note 4)	(513,711)	-
	(560,120)	156,661
Loss and comprehensive loss for the year	(7,608,445)	(3,533,175)
Deficit, beginning of year	(8,318,691)	(4,785,516)
Deficit, end of year	\$ (15,927,136)	\$ (8,318,691)
Basic and diluted loss per common share	\$ (0.26)	\$ (0.14)
Weighted average number of common shares outstanding	29,508,087	25,076,285

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

AUEX VENTURES, INC.
CONSOLIDATED STATEMENTS OF CASH FLOWS
(Expressed in U.S. dollars)
YEARS ENDED JUNE 30

	2009	2008
CASH FLOWS TO OPERATING ACTIVITIES		
Loss for the year	\$ (7,608,445)	\$ (3,533,175)
Items not affecting cash:		
Amortization - equipment	38,743	25,800
Amortization - mineral property exploration	11,375	188
Asset retirement obligation	139,118	40,454
Stock-based compensation - administration	1,263,229	1,375,516
Stock-based compensation - mineral property exploration	119,615	197,725
Recoveries from funding partners (Note 6)	(513,711)	-
Investment written off (Note 4)	513,711	-
Mineral properties written off	101,985	10,000
Changes in non-cash working capital items:		
Increase in receivables	(136,370)	(63,936)
Increase in exploration advances	(995,379)	-
Decrease in prepaid expenses	28,543	64,866
Increase (decrease) in accounts payable and accrued liabilities	194,603	(44,100)
Net cash used in operating activities	<u>(6,842,983)</u>	<u>(1,926,662)</u>
CASH FLOWS TO INVESTING ACTIVITIES		
Restricted cash	(26,890)	(14,962)
Reclamation bonds	25,265	-
Purchase of equipment	(111,576)	(60,214)
Mineral property recoveries	74,087	36,389
Mineral property expenditures	(300,647)	(79,209)
Net cash used in investing activities	<u>(339,761)</u>	<u>(117,996)</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Issuance of common stock for cash	20,593,015	165,544
Share issue costs	(729,528)	-
Net cash provided by financing activities	<u>19,863,487</u>	<u>165,544</u>
Change in cash for year	12,680,743	(1,879,114)
Cash, beginning of year	<u>4,412,448</u>	<u>6,291,562</u>
Cash, end of year	\$ <u>17,093,191</u>	\$ <u>4,412,448</u>
Supplemental disclosure with respect to non-cash financing and investing:		
Fair value of stock options exercised	\$ 194,010	\$ 76,745
Shares issued for mineral properties	212,000	7,500
Shares issued for agent fees	270,931	-
Cash paid during the year for:		
Interest	\$ -	\$ -
Income taxes	-	-

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

AUEX VENTURES, INC.
CONSOLIDATED SCHEDULE OF MINERAL PROPERTY EXPLORATION EXPENDITURES
(Expressed in U.S. dollars)
YEARS ENDED JUNE 30

<i>Exploration expenditures by property:</i>	2009			2008		
	Exploration Expenditures	Recoveries from funding partners	Net Exploration Expenditures	Exploration Expenditures	Recoveries from funding partners	Net Exploration Expenditures
Nevada:						
Antelope	\$ 5,924	\$ -	\$ 5,924	\$ 18,562	\$ -	\$ 18,562
Arabia	29,382	-	29,382	-	-	-
Buffalo Canyon	275,970	(275,970)	-	14,513	(9,848)	4,665
Bunce	26,936	(513,711)	(486,775)	583,032	(118,451)	464,581
Fireball Ridge	29,736	(10,981)	18,755	-	-	-
General reconnaissance	348,774	-	348,774	140,870	-	140,870
Gold Star	24,580	-	24,580	-	-	-
Green Monster	132,748	(132,748)	-	27,853	(5,370)	22,483
Grouse Creek	-	-	-	6,679	-	6,679
Gypsum Valley	4,759	(16)	4,743	-	-	-
Hays Canyon	93,664	(93,664)	-	15,819	(3,875)	11,944
Hum	20,182	-	20,182	16,321	-	16,321
Jessup-West (JPW)	3,256	-	3,256	-	-	-
Klondike North	433,947	(433,947)	-	32,032	(397)	31,635
Leonid	31,818	-	31,818	-	-	-
Long Canyon Venture	4,252,443	(9,816)	4,242,627	25,935	(25,935)	-
Long Canyon South	8,541	-	8,541	8,424	-	8,424
NLRC License	8,726	-	8,726	26,154	-	26,154
Olympic	32,346	-	32,346	385	-	385
Pasco Canyon	5,051	(71)	4,980	3,368	(3,368)	-
Pequop South	15,245	-	15,245	-	-	-
Pequop (West Pequop and Long Canyon)	47,851	(24,841)	23,010	73,032	(32,578)	40,454
Reef	10,709	-	10,709	38,672	-	38,672
Rose Mine	8,329	-	8,329	-	-	-
Sinter	15,408	-	15,408	29,191	-	29,191
Southwest Trinity	-	-	-	58,311	(58,311)	-
Swiss Bank	(10,828)	-	(10,828)	152,556	(152,556)	-
Trinity Silver	14,726	(322)	14,404	82,674	(82,674)	-
Woodhills	116,646	-	116,646	-	-	-
	5,986,869	(1,496,087)	4,490,782	1,354,383	(493,363)	861,020
Utah:						
Wildcat	13,479	-	13,479	-	-	-
Spain:						
Baza	67,492	-	67,492	172,563	(72,034)	100,529
South America:						
Argentina reconnaissance	266,359	(186,000)	80,359	450,127	(291,167)	158,960
Santa Cruz reconnaissance	89,381	(62,567)	26,814	-	-	-
Gertrudis	9,534	(9,534)	-	-	-	-
Hidefield	16,667	(10,957)	5,710	-	-	-
Meridiano	73,900	(73,900)	-	-	-	-
Stock based compensation - Argentina	119,615	-	119,615	197,725	-	197,725
Chile reconnaissance	-	-	-	5,683	-	5,683
Mineral property exploration expenditures	\$ 6,643,296	\$ (1,839,045)	\$ 4,804,251	\$ 2,180,481	\$ (856,564)	\$ 1,323,917

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

AUEX VENTURES, INC.
CONSOLIDATED SCHEDULE OF MINERAL PROPERTY EXPLORATION EXPENDITURES
(Expressed in U.S. dollars)
YEARS ENDED JUNE 30

<i>Exploration expenditures by cost category:</i>	2009	2008
Administrative labour	\$ 273,112	\$ 487,682
Assaying, testing and analysis	617,906	262,901
Asset retirement obligation	139,118	40,454
Camp and field supplies	472,010	159,962
Claim and land holding costs	522,461	228,616
Communications	30,259	5,332
Data	953	1,218
Drilling	1,849,247	302,832
Earth moving	41,650	31,059
Environmental permitting	100,495	-
Geological and geophysical	1,631,904	192,333
Insurance	-	3,832
Legal fees	95,891	8,604
Management fees	193,368	34,084
Permitting	-	11,889
Reclamation	(14,730)	121,800
Road and site preparation	397,911	-
Stock-based compensation	119,615	197,725
Travel and accommodation	172,126	90,158
	6,643,296	2,180,481
Recoveries from funding partners	(1,839,045)	(856,564)
Mineral property exploration expenditures	\$ 4,804,251	\$ 1,323,917

The accompanying notes are an integral part of these 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 June 30, 2009, the Company had an accumulated deficit of \$15,927,136 and working capital of \$18,137,636.

2. SIGNIFICANT ACCOUNTING POLICIES

Consolidation

These consolidated financial statements include the accounts of the Company and its wholly owned subsidiaries:

AuEx Inc.	Nevada
Pittston Nevada Gold Company	Nevada
AuEx Argentina S.A.	Argentina
EuEx Resources, Inc.	British Columbia

All significant inter-company transactions and balances have been eliminated upon consolidation.

Use of estimates

The preparation of financial statements in accordance with Canadian generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amount of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amount of revenues and expenses during the reporting period. Areas requiring the use of management estimates include the rates for amortization of equipment, assessments of the recoverability of mineral properties, the determination of asset retirement obligations, the assumptions used in the determination of the fair value of stock-based compensation and the potential recognition of future income tax assets. Actual results could differ from these estimates.

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

Financial instruments - recognition and measurement

Section 3855 establishes standards for the recognition and measurement of all financial instruments, provides a characteristics-based definition of a derivative financial instrument, provides criteria to be used to determine when a financial instrument should be recognized, and provides criteria to be used when a financial instrument is to be extinguished. Under this standard, all financial instruments are required to be measured at fair value on initial recognition. Measurement in subsequent periods depends on whether the financial instrument has been classified as held-for-trading, held-to-maturity, available-for-sale, loans and receivables, or other financial liabilities. Initial and subsequent measurement and recognition of changes in the value of financial instruments depends on their initial classification:

- a) Held-to-maturity investments, loans and receivables, and other financial liabilities are initially measured at fair value and subsequently measured at amortized cost. Amortization of premiums or discounts and losses due to impairment are included in current period net earnings.
- b) Available-for-sale financial assets are measured at fair value. Changes in fair value are included in other comprehensive income until the gain or loss is recognized in income.
- c) Held-for-trading financial instruments are measured at fair value. All changes in fair value are included in net earnings in the period in which they arise.
- d) All derivative financial instruments are measured at fair value, even when they are part of a hedging relationship. Changes in fair value are included in net earnings in the period in which they arise, except for hedge transactions which qualify for hedge accounting treatment in which case gains and losses are recognized in other comprehensive income.

The Company has implemented the following classifications for its financial instruments:

- a) Cash is classified as held-for-trading.
- b) Investment has have been classified as held for trading and measured at fair value.
- c) Receivables have been classified as loans and receivables and measured at amortized cost.
- d) Accounts payable and accrued liabilities have been classified as other financial liabilities and are measured at amortized cost.

Comprehensive income

Section 1530 establishes standards for reporting and displaying comprehensive income. Comprehensive income is defined as the change in equity (net assets) from transactions and other events from non-owner sources. Other comprehensive income is defined as revenues, expenses, gains and losses that, in accordance with primary sources of GAAP, are recognized in comprehensive income, but excluded from net income. This would include holding gains and losses from financial instruments classified as available-for-sale.

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

This standard requires the presentation of comprehensive income and its components in a separate financial statement that is displayed with the same prominence as the other financial statements. Accumulated other comprehensive income is presented as a new category in shareholders' equity. The presentation of "accumulated other comprehensive loss" in the shareholders' equity section of the balance sheet is not required because the closing balance is \$Nil.

Equipment

Equipment, consisting of office equipment, computers and field equipment, is stated at cost. Amortization is calculated based on the estimated useful life of the asset using the straight line method over three to five years.

Mineral properties

Mineral property exploration expenditures incurred prior to the determination of the feasibility of mining operations and a decision to proceed with development are charged to operations as incurred. Development expenditures incurred subsequent to a development decision, and to increase or to extend the life of existing production, are capitalized and will be amortized on the unit-of-production method based upon estimated proven and probable reserves.

Mineral property acquisition costs are capitalized and include cash consideration and the fair value of common shares and warrants issued for mineral property interests. For property acquired under an option agreement or by joint venture, where payments are made at the sole discretion of the Company, payments are recorded in the accounts at the time of payment. These costs are amortized over the estimated life of the property following commencement of commercial production. If, after management review, it is determined that the carrying amount of a mineral property is impaired, that property is written down to its estimated net realizable value. A mineral property is reviewed for impairment whenever events or changes in circumstances indicate that its carrying amount may not be recoverable.

The amounts shown for mineral properties do not necessarily represent present or future values. Their recoverability is dependent upon the discovery of economically recoverable reserves, the ability of the Company to obtain the necessary financing to complete the development, and future profitable production or proceeds from the disposition thereof.

Asset retirement obligations

The Company recognizes the fair value of a liability for an asset retirement obligation in the year in which it is incurred when a reasonable estimate of fair value can be made. The carrying amount of the related long-lived asset is increased by the same amount as the liability.

Changes in the liability for an asset retirement obligation due to the passage of time will be measured by applying an interest method of allocation. The amount will be recognized as an increase in the liability and an accretion expense in the statement of operations. Changes resulting from revisions to the timing or the amount of the original estimate of undiscounted cash flows are recognised as an increase or a decrease to the carrying amount of the liability and the related long-lived asset.

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

Foreign exchange

The Company's functional currency is the U.S. dollar. The monetary assets and liabilities of the Company that are denominated in foreign currencies are translated at the rate of exchange at the balance sheet date and non-monetary items are translated at historical rates. Revenues and expenses are translated at the exchange rates approximating those in effect at the time of the transaction. Exchange gains and losses arising on translation are included in the statement of operations.

The accounts of subsidiaries, which are integrated operations, are translated using the temporal method. Under this method, monetary assets and liabilities are translated at the year end exchange rates. Non-monetary assets and liabilities are translated using historical rates of exchange. Revenue and expense are translated at the rates of exchange prevailing on the dates such items are recognized in earnings. Exchange gains and losses are included in the statement of operations.

Stock-based compensation

The Company accounts for the granting of stock options and direct awards of stock to employees and non-employees using the fair value method whereby all awards to employees and non-employees will be recorded at fair value on the date of grant and expensed over the period of vesting. The Company estimates the fair value of each stock option at the date of grant using the Black-Scholes option pricing model. Any consideration paid by the option holders to purchase shares is credited to capital stock.

Income taxes

Future income taxes are recorded using the asset and liability method whereby future tax assets and liabilities are recognized for the future tax consequences attributable to differences between the financial statement carrying amounts of existing assets and liabilities and their respective tax bases. Future tax assets and liabilities are measured using enacted or substantively enacted tax rates expected to apply when the asset is realized or the liability settled. The effect on future tax assets and liabilities of a change in tax rates is recognized in income in the year that substantive enactment or enactment occurs. To the extent that the Company does not consider it more likely than not that a future tax asset would be recovered, it provides a valuation allowance against the excess.

Loss per share

The Company uses the treasury stock method to compute the dilutive effect of options, warrants and similar instruments. Under this method, the dilutive effect on loss per share is recognized on the use of the proceeds that could be obtained upon exercise of options and warrants and similar instruments. It assumes that the proceeds would be used to purchase common shares at the average market price during the year. For the years presented, this calculation proved to be anti-dilutive.

Basic loss per share is calculated using the weighted average number of common shares outstanding during the year.

New accounting standards:

Effective July 1, 2008, the Company adopted the following new accounting standards that were issued by the Canadian Institute of Chartered Accountants ("CICA"). There was no material impact on the Company's financial condition or operating results as a result of the adoption of these new standards:

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

- a) Section 1400 - General standards of financial statement presentation

The Company implemented this Section which required the Company to include management's assessment and disclosure of an entity's ability to continue as a going concern.

- b) Section 3862 – Financial instruments – disclosures

This Section requires the Company to provide disclosure of quantitative and qualitative information in their financial statements that enable users to evaluate (a) the significance of financial instruments for the entity's financial position and performance; and (b) the nature and extent of risks arising from financial instruments to which the entity is exposed during the period and at the balance sheet date, and management's objectives, policies and procedures for managing such risks. Disclosures required by this standard are included in Note 3.

- c) Section 3863 – Financial instruments – presentation

This Section was issued to enhance financial statement users' understanding of the significance of financial instruments to an entity's financial position, performance and cash flows. This section establishes standards for presentation of financial instruments and non-financial derivatives. It deals with the classification of financial instruments, from the perspective of the issuer, between liabilities and equity, the classification of related interest, dividends, losses and gains, and the circumstances in which financial assets and financial liabilities are offset. The initial adoption of this standard did not have an effect on the financial statements.

- d) Section 1535 – Capital disclosures

This Section requires the disclosure of qualitative and quantitative information that enables the users to evaluate the Company's objectives, policies and processes for managing capital as well as the implications of non-compliance (Note 11).

Recent accounting pronouncements

Goodwill and intangible assets

The CICA issued a new accounting standard, Section 3064 "Goodwill and Intangible Assets" which will replace 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. This standard is effective for the Company's interim and annual financial statements commencing July 1, 2009. The adoption of this standard is not expected to have a material impact on the Company's financial statements.

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 June 1, 2011. Early adoption of this Section is permitted and all three Sections must be adopted concurrently.

International financial reporting standards ("IFRS")

In 2006, the Canadian Accounting Standards Board ("AcSB") published a new strategic plan that will significantly affect financial reporting requirements for Canadian companies. The AcSB strategic plan outlines the convergence of Canadian GAAP with IFRS over an expected five year transitional period. In February 2008 the AcSB 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.

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, investment 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 only 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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3. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT (continued)

Interest Risk

The only 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 June 30, 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 \$165,000.

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 June 30, 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 (Note 6). 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

June 30, 2009			
	Cost	Accumulated Depreciation	Net Book Value
Office equipment	\$ 18,241	\$ 10,329	\$ 7,912
Computers	50,443	34,449	15,994
Field equipment	167,986	50,807	117,179
Net book value	\$ 236,670	\$ 95,585	\$ 141,085
June 30, 2008			
	Cost	Accumulated Depreciation	Net Book Value
Office equipment	\$ 14,327	\$ 7,465	\$ 6,862
Computers	41,804	20,130	21,674
Field equipment	69,725	18,634	51,091
Net book value	\$ 125,856	\$ 46,229	\$ 79,627

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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, 2007	Additions	Recoveries	Written off	June 30, 2008	Additions	Recoveries	Written off	June 30, 2009
Nevada:									
Antelope	\$ 2,000	\$ 9,436	\$ -	\$ -	\$ 11,436	\$ 5,000	\$ -	\$ (16,436)	\$ -
Arabia	-	-	-	-	-	4,876	-	-	4,876
Buffalo Canyon	17,502	-	-	-	17,502	495	(17,997)	-	-
Bunce	109,505	7,500	-	-	117,005	41,752	-	-	158,757
Fireball Ridge	-	-	-	-	-	5,000	-	-	5,000
Fireball South	-	-	-	-	-	1,600	-	-	1,600
Gold Star	-	-	-	-	-	6,439	-	-	6,439
Green Monster	15,000	11,212	-	-	26,212	17,974	(44,186)	-	-
Grouse Creek	10,000	-	-	(10,000)	-	-	-	-	-
Hays Canyon	-	1,131	-	-	1,131	3,139	(4,270)	-	-
Hum	4,000	11,143	-	-	15,143	-	-	(15,143)	-
Jessup-West (JPW)	-	-	-	-	-	-	-	-	-
Klondike North	13,433	15,809	-	-	29,242	20,000	(49,242)	-	-
Leonid	12,909	-	(12,909)	-	-	-	-	-	-
Long Canyon Venture	-	-	-	-	-	146,589	-	-	146,589
Long Canyon South	-	-	-	-	-	-	-	-	-
NLRC License	69,114	1,292	-	-	70,406	38,175	-	(70,406)	38,175
Olympic	-	-	-	-	-	35,000	-	-	35,000
Pasco Canyon	-	-	-	-	-	-	-	-	-
Pequop (West Pequop and Long Canyon)	290,054	-	-	-	290,054	-	-	-	290,054
Pequop South	-	-	-	-	-	9,262	-	-	9,262
Reef	-	15,366	-	-	15,366	-	-	-	15,366
Rose Mine	-	-	-	-	-	10,000	-	-	10,000
Sinter	-	13,820	-	-	13,820	5,000	-	-	18,820
Trinity Silver	-	-	-	-	-	-	-	-	-
Wood Hills South	-	-	-	-	-	68,330	-	-	68,330
Utah:									
Wildcat	-	-	-	-	-	2,610	-	-	2,610
Spain:									
Baza	23,480	-	(23,480)	-	-	-	-	-	-
Argentina:									
Santa Cruz	-	-	-	-	-	19,957	-	-	19,957
Meridiano	-	-	-	-	-	10,037	-	-	10,037
Mineral properties	\$ 566,997	\$ 86,709	\$ (36,389)	\$ (10,000)	\$ 607,317	\$ 451,235	\$ (115,695)	\$ (101,985)	\$ 840,872

6. MINERAL PROPERTIES (continued)

The following is a brief discussion of the staking activity, leases, property payments, and joint venture status and work requirements of each property.

Antelope Zinc Project, Nye County, Nevada

The Company terminated the mining lease and option to purchase agreement with Mountain Gold Exploration, Inc. and wrote off the \$16,436 carrying cost of the property during the year ended June 30, 2009.

Arabia project, Pershing County, Nevada

The Company staked claims for the Arabia project, Pershing County, Nevada in fiscal 2009 at a cost of \$4,876.

Buffalo Canyon, Green Monster, Hays Canyon and Klondike North prospects, Nevada

On September 15, 2008, the Company entered into an option earn in agreement with Eldorado Gold Corp. (“Eldorado”) allowing Eldorado the exclusive right to acquire a 51% interest in each of Buffalo Canyon and Green Monster properties in Nye County, the Hays Canyon prospect in Washoe County and Klondike North in Esmeralda County. The Company received a \$90,000 mineral property option payment from Eldorado of which \$74,087 recovered the balance of deferred acquisition costs and the remaining \$15,913 reduced the net loss for the year. Eldorado met its first year expenditure commitment of \$350,000, including expenditures on Klondike North. Upon vesting a 51% interest, Eldorado may then elect to earn an additional 19% interest in each prospect by funding all expenditures through completion of a bankable feasibility study.

The Company and Eldorado agreed to terminate the mining lease and option to purchase agreement for the Klondike North prospect prior to the January 4, 2009 payment being due. Eldorado has the following expenditure requirements to earn its interest:

Calendar year	Green Monster	Buffalo Canyon	Hays Canyon	Total
2008 (met)	\$ 80,000	\$ 60,000	\$ 60,000	\$ 200,000
2009	220,000	240,000	150,000	610,000
2010	500,000	220,000	290,000	1,010,000
2011	1,000,000	1,000,000	500,000	2,500,000
2012	1,200,000	1,480,000	1,000,000	3,680,000
Total	\$ 3,000,000	\$ 3,000,000	\$ 2,000,000	\$ 8,000,000

Mountain Gold Exploration, Inc. and Geocorp (Geocorp is owned by a director of the Company) – September 15, 2006 mining lease and option to purchase agreement for the Green Monster prospect.

3% Net Smelter Returns (“NSR”) royalty however the Company may purchase up to 2% of the NSR for \$1,000,000 for each percentage point of the NSR purchased.

The agreement includes an option to purchase the property for \$250,000 at any time the Company decides to commence development of or mining on the property, or completes a positive feasibility study for these activities.

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6. MINERAL PROPERTIES (continued)

The Company paid \$15,000 on execution of the agreement and is required to make additional payments as follows:

Date	Payment	Required Expenditures
September 15, 2007	\$10,000 (paid)	-
September 15, 2008	\$15,000 (paid)	\$10,000 (incurred)
September 15, 2009	\$20,000	\$20,000
September 15, 2010	\$30,000	\$20,000
September 15, 2011	\$40,000	\$50,000
September 15, 2012 to 2016	\$50,000 per year	\$50,000 per year
September 15, 2017 to 2026	\$100,000 per year	\$50,000 per year

The Company staked additional claims in the 2009 fiscal year at a cost of \$6,608 which was recovered from Eldorado. In addition Eldorado paid a \$15,000 lease payment on September 15, 2008.

A 1% NSR is held by two directors of the Company on the Buffalo Canyon prospect, Nye County, Nevada.

Bunce, Pershing County, Nevada

The Company and North Range Resources Ltd. (“North Range”), a private company, had an exploration and funding agreement that on November 6, 2008 the Company elected to terminate. At the date of termination North Range owed the Company \$513,711 for exploration costs reimbursable to the Company and the Company and North Range agreed to a settlement by which North Range has issued 1,500,000 common shares to AuEx Inc. representing 6% of its outstanding shares in full settlement.

Effective from October 1, 2004 the Company had a mining lease and option to purchase agreement with what is now Nevada Eagle Resources, LLC pursuant to which the Company paid lease payments of \$20,000 and issued 6,889 common shares at a value of \$10,000 prior to terminating the lease.

During the year ended June 30, 2009 the Company had lease and sublease agreement with Newmont Mining Corporation pursuant to which the Company paid annual rent of \$515 prior to terminating the lease in fiscal 2009.

The Company staked claims for the Bunce prospect, Pershing County, Nevada in fiscal 2009 at a cost of \$1,237 and has retained the Bunce Lease to form the reduced Bunce project.

Bunce Lease – April 19, 2004 mining lease for leases and unpatented mining claims

4% NSR for all minerals produced from the property, and in no event may the royalty be less than the annual rents.

The Bunce Lease includes an option exercisable at the discretion of the Lessor to require the Company to purchase the property for \$80,000 subject to adjustment for inflation. The Company paid \$4,000 on execution of the Bunce Lease. Additional payments and qualified expenditures as defined in the Bunce Lease required are as follows:

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6. MINERAL PROPERTIES (continued)

Date	Payment	Required Expenditures
April 19, 2005	\$ 4,000 (paid)	\$ 25,000 (incurred)
April 19, 2006	6,000 (paid)	25,000 (incurred)
April 19, 2007	8,000 (paid)	50,000 (incurred)
April 19, 2008	10,000 (paid)	50,000 (incurred)
April 19, 2009	10,000 (paid)	50,000 (incurred)
April 19, 2010 to 2015	15,000	50,000
April 19, 2016 to 2024	50,000 subject to adjustment for inflation	50,000

Fireball Ridge and Fireball South, Pershing County, Nevada

Grove – October 28, 2004 mining lease with an option to purchase Fireball South

The Company paid \$1,600 on the effective date and \$1,600 is required to be paid on each anniversary of the agreement thereafter. The term of the lease is five years with the ability to terminate the lease at any time with 30 days notice. The Company has the option to purchase the property for the sum of \$18,000 at any time during the term of the lease.

Ehrhart and Mabarak – April 15, 2003 mining lease agreement Fireball Ridge

3% NSR

Annual advance minimum royalty payments of \$2,000 are required for the first five years, \$3,000 in year six and \$5,000 annually in years seven through ten. The agreement expires April 15, 2013.

Gold Star, Pershing County, Nevada

The Company staked claims for the Gold Star prospect, Pershing County, Nevada in fiscal 2009 at a cost of \$6,439.

HUM, Elko County, Nevada

The Company terminated the mining lease and option to purchase agreement with Thomas and Schmidt and wrote off the \$15,143 carrying cost of the property during the year ended June 30, 2009.

Jessup-West (JPW), Churchill County, Nevada

The Company holds claims comprising the Jessup-West (JPW) prospect, Churchill County, Nevada.

Leonid, Elko County, Nevada

The Company holds claims comprising the Leonid prospect, Elko County, Nevada.

Two directors of the company collectively have a 1% NSR interest in the Leonid claims.

6. MINERAL PROPERTIES (continued)

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 was subsequently acquired by Fronteer Development Group Inc. ("Fronteer"). Each party reserved a 3% NSR royalty on lands contributed.

By September 11, 2008 Fronteer met a \$5,000,000 expenditure requirement to vest a 51% interest in the Long Canyon Venture with the Company participating at 49%. Fronteer did not elect to earn an additional 14% interest by carrying the Long Canyon property through to a bankable feasibility study.

On May 8, 2009, the Company completed the acquisition of claims from Pittston Mineral Ventures International Ltd. for the benefit of the Long Canyon Venture for consideration of \$71,000 and the issue of 100,000 common shares of the Company at a value of \$202,000. The Company's 49% share of the total \$273,000 was \$133,770. Fronteer's share of \$139,230 is included in receivables at June 30, 2009 and it was subsequently collected.

Long Canyon South Property, Elko County, Nevada

The Company holds claims comprising the Long Canyon South prospect, Elko County, Nevada.

NLRC License, Pershing County, Nevada

Nevada Land and Resource Company ("NLRC") – April 23, 2009 twenty year license

0 to 3% NSR depending on the status of the project and whether there are any other NSR royalties payable to third parties on the NLRC License properties.

To maintain its rights to the license the Company is required to pay NLRC the sum of \$0.75 per acre for patented lands and \$0.0375 per acre for mineral rights without surface ownership. The Company paid \$38,175 for the 2009 exploration license.

The Company previously held portions of the Sinter, JPW, Swiss Bank, Fireball Ridge and Bunce land under a February 16, 2007 NLRC License that was terminated in the year ended June 30, 2009 and the Company wrote off \$70,406 cumulative costs.

Olympic prospects, Mineral County, Nevada

Sedi-Met, Inc. – May 30, 2008 twenty year mining lease and option to purchase agreement for the Olympic prospect

3% NSR however the Company may purchase 1% of the NSR for \$1,000,000. The Company has the right of first refusal to acquire another 1% of the NSR on the terms offered.

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6. MINERAL PROPERTIES (continued)

The Company is required to make additional payments as follows:

Date	Payment	Required Expenditures
July 2, 2008 on execution	\$15,000 (paid)	-
May 30, 2009	\$20,000 (paid)	-
May 30, 2010	\$25,000	To drill 2000 feet of reverse circulation drilling in three identified locations
May 30, 2011	\$30,000	To drill 3000 feet of reverse circulation drilling in four identified locations
May 30, 2012	\$35,000	
May 30, 2013	\$40,000 per year thereafter	

Pasco Canyon, Nye County, Nevada

On February 15, 2006 the Company entered into an exploration option agreement with Piedmont Mining Company, Inc. ("Piedmont") on the Company-owned Pasco Canyon project. Piedmont paid the Company \$10,000 on signing and must expend at least \$50,000 during the first year of the agreement. Permitting delays prevented Piedmont from completing its program but Piedmont is expected to be permitted to conduct a drill program to satisfy the obligation in the next fiscal year. A total of \$1,000,000 must be expended by Piedmont within 5 years to earn a 60% interest in the Pasco Canyon property whereupon a joint venture would be formed.

Two directors of the Company collectively have a 1% NSR interest in the Pasco Canyon claims.

Pequop South Property, Elko County, Nevada

The Company staked claims for the Pequop South prospect, Elko County, Nevada in fiscal 2009 at a cost of \$9,262.

Reef, Eureka County, Nevada

The Company holds claims comprising the Reef prospect, Eureka County, Nevada.

Rose Mine, Eureka County, Nevada

Mountain Gold Exploration, Inc. and Geocorp (Geocorp is owned by a director of the Company) – August 5, 2008 twenty year mining lease and option to purchase agreement for the Rose Mine prospect

3% NSR however the Company may purchase up to 2% of the NSR for \$1,000,000 for each percentage point of the NSR purchased.

The agreement includes an option to purchase the property for \$200,000 at any time the Company decides to commence development of or mining on the property, or completes a positive feasibility study for these activities.

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6. MINERAL PROPERTIES (continued)

The Company is required to make additional payments as follows:

Date	Payment	Required Expenditures
August 5, 2008 on execution	\$10,000 (paid)	-
August 5, 2009	\$10,000 (paid subsequently)	\$10,000
August 5, 2010	\$15,000	\$20,000
August 5, 2011	\$20,000	\$20,000
August 5, 2012	\$25,000	\$50,000
August 5, 2013	\$30,000	\$50,000
August 5, 2014 to 2018	\$50,000 per year	\$50,000 per year
August 5, 2019 to 2028	\$100,000 per year	-

Sinter, Pershing County, Nevada

The Company holds claims comprising the Sinter prospect, Pershing County, Nevada.

Dave C. Mough and Jody Ahlquist-Mough – January 23, 2008 mining lease and option to purchase agreement

3% NSR - the Company may purchase up to 2% of the NSR for \$1,000,000 for each percentage point of the NSR purchased.

The agreement includes an option to purchase the property for \$100,000 at any time the Company decides to commence development of or mining on the property, or completes a positive feasibility study.

The Company paid \$5,000 on execution of the agreement and in December 2007 reimbursed \$1,072 for the September 2007 annual filing fees and is required to pay annual advance minimum royalties escalating each year beginning with \$5,000 on January 23, 2009.

Trinity Silver project, Pershing County, Nevada

On July 29, 2005 the Company leased the former producing silver mine and surrounding property in Pershing County, Nevada forming the Trinity Silver project from Newmont. This former producing mine was subsequently reclaimed by the previous operators.

On July 28, 2008 the agreement was amended so that to maintain the option the Company was required to spend an additional \$400,000 on or before January 29, 2009, an additional \$100,000 on or before July 29, 2009 and an additional \$100,000 on or before each January 29 thereafter and was to have expended a total \$2,100,000 by the end of the 7th agreement year. The Company can purchase the property at any time prior to December 31, 2009 for \$500,000 or for \$1,000,000 thereafter. Newmont retained a sliding scale royalty that increases to 5% at silver prices above \$10 per ounce. This royalty may be reduced by one percentage point under certain conditions. In addition, Newmont retains the right to back-in up to completion of feasibility upon fulfillment of specific expenditure requirements.

From September 23, 2005 the Company had an exploration and development agreement with Piedmont Mining Company, Inc. that was terminated effective July 17, 2009.

6. MINERAL PROPERTIES (continued)

AUEX VENTURES, INC.
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West Pequop Property, Elko County, Nevada

The Company's Pequop property is under a May 9, 2006 exploration and option to joint venture agreement with a subsidiary of Agnico-Eagle Mines Ltd. ("Agnico"). By June 19, 2008 Agnico earned a 51% interest in the western portion of the Pequop project hereafter referred to as West Pequop by spending \$5,000,000. The parties are formalizing a definitive joint venture agreement. Agnico has elected to earn an additional 19% by completing all subsequent expenditures through completion of a bankable feasibility study within five years. 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.

Agnico is responsible for reimbursing the Company for the underlying payments to Nevada Land and Resource Company, LLC ("NLRC") pursuant to three twenty-five year mining leases and option to purchase agreements between the Company and NLRC. The first is dated June 1, 2000, the second January 1, 2006 and the third is dated January 1, 2008. The Company must pay NLRC a 3% NSR royalty for gold, silver and platinum group metals produced on commencing production, and a 2% royalty on base metals and all other minerals produced from the property. Annual rental payments are:

	June 1, 2000 lease	January 1, 2006 lease	January 1, 2008 lease
Lease year 1 (\$5.00 per acre)		\$3,092 (paid)	\$3,200 (paid)
Lease year 2 (\$7.50 per acre)		\$4,638 (paid)	\$4,800 (paid)
Lease year 3 (\$10.00 per acre)		\$6,184 (paid)	\$6,400
Lease year 4 (\$12.50 per acre)		\$7,731 (paid)	\$8,000
Lease year 5 and thereafter (\$15.00 per acre)	\$9,150 (paid)	\$9,277	\$9,600

The NLRC agreements grant the Company a purchase option subject only to the NSR royalty to acquire each of the properties. The June 1, 2000 lease can be purchased for \$250 per acre less the lease payments paid to that time. The January 1, 2006 lease can be bought for \$110 per acre in the first twelve months, \$121 per acre in the second twelve months and \$133.10 per acre in the third twelve months. The January 1, 2008 lease can be bought for \$138 per acre in the first twelve months, \$151 per acre in the second twelve months and \$161 per acre for the third twelve months. The purchase price increases by 10% a year after the third year.

McMullen Lease – December 30, 2007 mining lease for McMullen's interest in a mineral property interest

Proportionate interest in 4% NSR – the NSR shall be applied to 100% ownership of mineral interest and actual payment will be in proportion to mineral ownership.

The Company paid \$10,000 on executing the ten year lease for the mineral interests and will be required to make payments on each anniversary of the lease of \$10,000 on the first anniversary (paid by Agnico), \$20,000 on the second and third anniversaries and \$40,000 on each anniversary thereafter. Once development has begun on the mining lease then indexed minimum royalties will be accepted in lieu of rental payments.

6. MINERAL PROPERTIES (continued)

The Company is also required to expend an aggregate total of \$450,000 on exploration expenditures within the first four years of the agreement with the first \$200,000 committed to be incurred before December 31, 2010. If the full \$450,000 is not expended by December 30, 2011 the lease will terminate.

PMV Gold Company (“PMV”)

If before August 18, 2009, at least 500,000 troy ounces of gold have been defined as a measured and indicated resource within the original boundaries of the Pequop property then 250,000 bonus shares of the Company will become issuable to PMV, the vendor of the Pequop project. If before August 18, 2009, at least 1,000,000 troy ounces of gold have been defined as measured and indicated resource within the original boundaries of the Pequop property then a total of 500,000 bonus shares of the Company will become issuable to PMV. An internal resource estimation is not yet complete.

Wood Hills-South Property, Elko County, Nevada

The Company staked claims for the Wood Hills South prospect, Elko County, Nevada in fiscal 2009 at a total cost of \$68,331.

Wildcat, Juab County, Utah

The Company staked claims for the Wildcat prospect, Juab County, Utah in fiscal 2009 at a cost of \$2,610.

Baza Project, Spain

Basti Resources, S.L. – May 24, 2006 exploration and development agreement

The Company and Basti have identified an area to be applied for and secured by exploration permits to comprise the Baza Project, Spain. The Cerro de Gallo permit (quadriculas) was formalized on May 29, 2007 (“Permit Date”). The Company has a right to acquire up to a 90% interest in the Baza Project by funding staged exploration of Euro 681,000 on the following timetable:

Date	Option payments (Euro) ⁽¹⁾	Exploration funding (Euro)	Cumulative	Interest earned
On signing, May 24, 2006	-	18,000	18,000 (paid)	
By November 29, 2007	10,000	38,000	66,000 (paid)	15%
By November 29, 2008	10,000	75,000	151,000 (paid)	31%
By November 30, 2009	30,000	125,000	306,000	51%
By November 30, 2011	125,000	250,000	681,000	70%

⁽¹⁾ At June 30, 2009 1 Euro was equal to US\$1.40.

The Company will have the option for 90 days from earning its 70% interest to increase its interest to 90% by paying Euro 175,000 to Basti. Basti would then have the option to contribute at 10% or dilute to a 1.5% NSR royalty.

6. MINERAL PROPERTIES (continued)

Santa Cruz Province, Argentina

In April, 2007 the Company's newly formed wholly owned subsidiary AuEx Argentina S.A. entered into a strategic alliance with Agnico for precious metals exploration and development in a defined area in southern Argentina. Agnico agreed to fund 70% of an exploration program designed and managed by the Company in an aggregate amount of \$550,000 in calendar year 2007 and 2008 of which the Company paid the remaining 30% during each calendar year. The agreement is renewable thereafter. The Company is the operator and conducts generative exploration for the parties in Santa Cruz province and as the Company identifies exploration properties of interest for acquisition, they are offered to Agnico for joint venture. If Agnico accepts the properties within 60 days, they will be subject to an exploration earn-in agreement whereby Agnico can earn 60% interest in each property identified by spending \$1,000,000 on each property within a four-year period. The Company is the operator during the initial two years of any earn-in period after which Agnico may elect to become operator. Agnico will have the option to earn an additional 10% by funding a feasibility study up to a cap of \$10,000,000.

After completing a feasibility study or expending the additional \$10,000,000, the parties will share proportionally in future costs. The agreement includes a backstop financing provision that would be available to the Company under certain conditions. Should Agnico not accept any property, the Company will be free to acquire the property for its own account.

To June 30, 2009, two projects, Meridiano and Gertrudis, have been accepted by Agnico is funding 100% of the costs of these two projects.

7. RECLAMATION BONDS

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.

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 in fiscal 2009 is \$190,454 (2008 - \$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 \$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 the a Letter of Credit with the BLM held by Fronteer on behalf of the Long Canyon Joint Venture is \$173,898 at June 30, 2009.

8. ASSET RETIREMENT OBLIGATION

For the Company's mineral properties that are being actively explored under funding arrangement agreements, the funding partners are responsible for reclamation of the surface disturbance created by the exploration programs funded by each of them on those projects.

Effective June 19, 2008 Agnico earned a 51% interest in the West Pequop property and the surface disturbance to that date was combined and estimated to be \$388,682 of which the Company's share in fiscal 2009 is \$190,454 (2008 - \$190,454). There has been no mining on the West Pequop property. The asset retirement obligation is considered to be present value.

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

The asset retirement obligation accrual required management to make significant estimates and assumptions. Actual results could differ from these estimates.

9. RELATED PARTY TRANSACTIONS

Unless disclosed elsewhere, related party transactions for the year ended June 30, 2009 are as follows:

- (a) Paid or accrued \$78,468 (2008 - \$78,777) for consulting fees to a company controlled by an officer of the Company.
- (b) Paid or accrued \$30,000 (2008 - \$Nil) for consulting fees to the spouse of an officer of the Company.
- (c) Leased the Rose Mine project in part from a company controlled by a director of the Company (Note 6) for an initial payment of \$10,000.

An amount of \$33,584 for expenses and director fees owed to officers and directors are included in accounts payable and accrued liabilities (June 30, 2008 - \$143). 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.

10. 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, 2007	24,905,817	\$ 10,869,931	\$ 1,006,962
Issued during year:			
Stock options exercised	200,000	228,789	(76,745)
Shares issued for mineral property	3,997	7,500	-
Warrants exercised	90,000	13,500	-
Fair value of stock options vested	-	-	1,573,241
Outstanding at June 30, 2008	25,199,814	11,119,720	2,503,458
Issued during year:			
Stock options exercised	308,202	299,589	(194,010)
Shares issued for mineral property	106,889	212,000	-
Private placement	12,000,000	18,268,714	-
Shares for agent fees	139,500	270,931	-
Share issue costs	-	(1,000,459)	-
Warrants exercised	2,000,000	2,218,722	-
Fair value of stock options vested	-	-	1,382,844
Outstanding at June 30, 2009	39,754,405	\$ 31,389,217	\$ 3,692,292

During the year ended June 30, 2008, the Company issued 3,997 common shares at a value of \$7,500 pursuant to a mining lease agreement on the Bunce property.

During the year ended June 30, 2009, the Company:

- a) issued 308,202 common shares for the exercise of 300,000 stock options for cash proceeds of \$114,000 and the cashless exercise of 99,999 stock options.
- b) issued 6,889 common shares in satisfaction of the \$10,000 stock compensation component related to the Bunce property and on May 21, 2009 the Company issued 100,000 common shares at a value of \$202,000 as part of the purchase price of a property contributed to the Long Canyon Joint Venture.
- c) issued 4,000,000 common shares and 2,000,000 common share purchase warrants for gross proceeds of \$3,556,520 (C\$4,400,000) pursuant to a private placement closed on November 28, 2008. Each warrant entitles the holder to purchase one additional share at a price of C\$1.38 per share for the first year following issuance and C\$1.65 for the second year following issuance. On April 27, 2009 the Company exercised its right to accelerate the expiry date of the warrants to May 27, 2009 and all of the warrants were exercised for proceeds of \$2,218,722 (C\$2,760,000). Share issue costs were \$177,450 which included the agent's cash commission of \$133,370 (C\$165,000).

10. CAPITAL STOCK AND CONTRIBUTED SURPLUS (continued)

- d) issued 3,000,000 common shares and 1,500,000 common share purchase warrants for gross proceeds of \$5,001,394 (C\$6,450,000) pursuant to a private placement closed on March 11, 2009. Each warrant entitles the 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. Share issue costs were \$35,153.
- e) issued 5,000,000 common shares and 2,500,000 common share purchase warrants for gross proceeds of \$9,710,800 (C\$11,000,000) pursuant to a private placement closed on June 16, 2009. Each warrant entitles the 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. Share issue costs were \$787,856 which included the agent's cash commission of \$408,825 (C\$463,100) and the \$270,931 (C\$306,900) value of 139,500 units issued to the agents.

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 June 30, 2009 there were 4,615,279 Class B shares outstanding (June 30, 2008 – 5,726,325). 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.

10. CAPITAL STOCK AND CONTRIBUTED SURPLUS (continued)

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 significant discount to market, thus exposing the Acquiring Person to substantial dilution of its holdings.

Warrants

The continuity for share purchase warrants for 2009 and 2008 is as follows:

Expiry date	Exercise price		Balance, June 30, 2008	Issued	Exercised	Expired	Balance, June 30, 2009
	US\$	Cdn \$					
February 14, 2009		\$3.00	200,000	-	-	(200,000)	-
May 27, 2009		\$1.38	-	2,000,000	(2,000,000)	-	-
March 11, 2011		\$2.75	-	1,500,000	-	-	1,500,000
June 16, 2011		\$2.75	-	2,569,750	-	-	2,569,750
			200,000	6,069,750	(2,000,000)	(200,000)	4,069,750
Weighted average exercise price US			\$ 2.94	\$ 1.98	\$ 1.11	\$ 2.94	\$ 2.36

Expiry date	Exercise price		Balance, June 30, 2007	Issued	Exercised	Expired	Balance, June 30, 2008
	US\$	Cdn \$					
February 28, 2008 *		\$0.15	90,000	-	(90,000)	-	-
February 14, 2009		\$3.00	200,000	-	-	-	200,000
			290,000	-	(90,000)	-	200,000
Weighted average exercise price US			\$ 2.10	\$ -	\$ 0.15	\$ -	\$ 2.94

* These warrants were exercised for Class B Exchangeable shares.

Stock options

The Company has a shareholder approved combined Incentive and Non-qualified Stock Option Plan (the "Plan") with 5,059,963 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.

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 and the remaining \$208,622 will be recognized in 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.

10. CAPITAL STOCK AND CONTRIBUTED SURPLUS (continued)

On July 24, 2008 the Directors granted 850,000 options with a fair value of \$1,106,356 or \$1.30 per option. The fair value was recognized as \$860,800 in fiscal 2009 and the remaining \$158,783 net of forfeitures of \$86,773 will be recognized in 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.

On September 21, 2007 the Directors granted 100,000 options with a fair value of \$124,446 or \$1.24 per option. The fair value of the options that vested prior to cancellation was recognized as \$96,215 in 2008 and in fiscal 2009 \$13,251 was recovered for the forfeiture. The remaining \$41,482 will not be recognized as the options that had not vested were cancelled on termination of the employee. The fair value was estimated on the grant date using the Black-Scholes Option Pricing Model with the following assumptions: 100% expected stock price volatility, a 4.25% risk free interest rate, a 3 year expected life and zero expected dividend yield.

On July 11, 2007 the Directors granted 1,165,000 options with a fair value of \$1,517,762 or \$1.30 per option. The fair value was recognized as \$1,313,989 in 2008 and the remaining \$203,773 in fiscal 2009. The fair value was estimated on the grant date using the Black-Scholes Option Pricing Model with the following assumptions: 100% expected stock price volatility, a 4.6% risk free interest rate, a 3 year expected life and zero expected dividend yield.

On February 14, 2007 the Directors granted 100,000 options with a fair value of \$132,764 or \$1.33 per option. The fair value was recognized as \$63,923 in 2007, \$65,154 in 2008 and the remaining \$3,687 in fiscal 2009. The fair value was estimated on the grant date using the Black-Scholes Option Pricing Model with the following assumptions: 100% expected stock price volatility, a 4.06% risk free interest rate, a 3 year expected life and zero expected dividend yield.

Total stock-based compensation expense is \$1,382,844 (2008 - \$1,573,241) of which \$1,263,229 (2008 - \$1,375,516) is recognized in general expenses and \$119,615 (2008 - \$197,725) was allocated to Argentina mineral exploration expenditures).

AUEX VENTURES, INC.
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
(Expressed in U.S. dollars)
JUNE 30, 2009

10. CAPITAL STOCK AND CONTRIBUTED SURPLUS (continued)

The continuity for stock options for 2009 and 2008 is as follows:

Expiry date	Exercise price		Balance, June 30, 2008	Granted	Exercised	Expired	Balance, June 30, 2009
	US\$	Cdn \$					
November 2, 2009	\$0.20		200,000	-	-	-	200,000
November 2, 2009	\$0.32		500,000	-	(200,000)	-	300,000
July 14, 2010	\$0.50		100,000	-	(100,000)	-	-
June 15, 2011		\$1.75	835,000	-	-	-	835,000
February 13, 2012		\$2.43	100,000	-	-	-	100,000
July 11, 2012		\$2.15	1,165,000	-	(25,000)	-	1,140,000
September 20, 2012		\$1.95	100,000	-	(66,666)	(33,334)	-
July 24, 2013		\$2.14	-	850,000	(8,333)	(66,667)	775,000
December 30, 2013		\$1.73	-	565,000	-	-	565,000
			3,000,000	1,415,000	(399,999)	(100,001)	3,915,000
Weighted average exercise price US			\$ 1.52	\$ 1.70	\$ 0.69	\$ 1.79	\$ 1.53

At June 30, 2009 3,021,659 of the stock options were exercisable.

Expiry date	Exercise price		Balance, June 30, 2007	Granted	Exercised	Expired	Balance, June 30, 2008
	US\$	Cdn \$					
November 2, 2009	\$0.32		50,000	-	(50,000)	-	-
November 2, 2009	\$0.20		200,000	-	-	-	200,000
November 2, 2009	\$0.32		500,000	-	-	-	500,000
July 14, 2010	\$0.50		200,000	-	(100,000)	-	100,000
June 15, 2011		\$1.75	885,000	-	(50,000)	-	835,000
February 13, 2012		\$2.43	100,000	-	-	-	100,000
July 11, 2012		\$2.15	-	1,165,000	-	-	1,165,000
September 20, 2012		\$1.95	-	100,000	-	-	100,000
			1,935,000	1,265,000	(200,000)	-	3,000,000
Weighted average exercise price			\$ 1.03	\$ 2.18	\$ 0.76	\$ -	\$ 1.52

AUEX VENTURES, INC.
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
(Expressed in U.S. dollars)
JUNE 30, 2009

11. CAPITAL MANAGEMENT

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.

12. INCOME TAXES

The reconciliation of income taxes at statutory rates is as follows:

	2009	2008
Loss before income taxes	\$ (7,608,445)	\$ (3,533,175)
Expected income tax (recovery)	\$ (2,301,555)	\$ (1,159,235)
Non-deductible items for tax purposes	444,719	659,378
Items deductible for tax purposes	(98,947)	(59,449)
Effect of foreign tax rates	(276,619)	(32,503)
Unrecognized benefit of operating loss carry-forwards	2,232,402	591,809
Actual income tax recovery	\$ -	\$ -

Significant components of the Company's future income tax assets based on statutory rates are as follows:

	2009	2008
Future income tax assets		
Operating loss carry-forwards	\$ 3,931,000	\$ 1,740,000
Mineral properties	176,000	87,000
Share issuance costs	160,000	62,000
	4,267,000	1,889,000
Valuation allowance	(4,267,000)	(1,889,000)
Net future income tax assets	\$ -	\$ -

12. INCOME TAXES (continued)

The Company has approximately \$11,780,000 (2008 - \$5,290,000) of operating loss carry-forwards which expire through to 2029.

The Company has provided a valuation allowance against its future tax assets as it is in the exploration stage and it is more likely than not that these benefits will not be realized.

13. 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.

14. SUBSEQUENT EVENTS

Subsequent to June 30, 2009 the Company:

- a) granted 585,000 stock options at an exercise price of Cdn\$2.50 and a five year term; and
- b) issued 260,925 common shares pursuant to the cashless exercise of 300,000 stock options.