

Consolidated Financial Statements of:

COREX GOLD CORPORATION
(An Exploration Stage Company)

December 31, 2010 and 2009

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COREX GOLD CORPORATION

MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL REPORTING

The financial statements of Corex Gold Corporation (An Exploration Stage Company) are the responsibility of the Company's management. The financial statements are prepared in accordance with Canadian generally accepted accounting principles and reflect management's best estimates and judgment based on information currently available.

Management has developed and maintains a system of internal controls to ensure that the Company's assets are safeguarded, transactions are authorized and properly recorded and financial information is reliable.

The Board of Directors is responsible for ensuring management fulfils its responsibilities for financial reporting and internal controls through an audit committee. The Audit Committee reviews the results of the audit and the annual financial statements prior to their submission to the Board of Directors for approval.

The consolidated financial statements have been audited by BDO Canada LLP, Chartered Accountants, and their report outlines the scope of their examination and their opinion on the consolidated financial statements.

"Craig Schneider"

Craig Schneider
President and CEO

"Terese Gieselman"

Terese Gieselman
Chief Financial Officer



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INDEPENDENT AUDITOR'S REPORT

To the shareholders of Corex Gold Corporation

We have audited the accompanying consolidated financial statements of Corex Gold Corporation, which comprise the consolidated balance sheets as at December 31, 2010 and December 31, 2009, and the consolidated statements of loss and deficit, comprehensive loss, cash flows and changes in shareholder's equity for the years then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with Canadian generally accepted accounting principles, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

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 comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements present fairly, in all material respects, the financial position of Corex Gold Corporation as at December 31, 2010 and 2009 and the results of its operations and its cash flows for the years then ended in accordance with Canadian generally accepted accounting principles.

BDO Canada LLP

Chartered Accountants
May 2, 2011

COREX GOLD CORPORATION
(An Exploration Stage Company)
CONSOLIDATED BALANCE SHEETS
As at December 31

	2010	2009
ASSETS		
Current		
Cash and cash equivalents	\$ 2,769,244	\$ 2,221,120
Amount receivable	147,239	84,804
Prepays – Note 7	83,975	68,126
Marketable securities – Note 4	375	264
	3,000,833	2,374,314
Equipment - Note 3	207,631	115,784
Resource properties – Note 5 and Schedule 1	6,975,871	1,870,584
	\$ 10,184,335	\$ 4,360,682
LIABILITIES AND SHAREHOLDERS' EQUITY		
Current		
Accounts payable and accrued liabilities – Note 7	\$ 121,705	\$ 138,497
Long term		
Future income tax liability – Note 8	387,000	-
	508,708	138,497
Share capital – Note 6	29,223,165	22,606,896
Contributed surplus – Note 6	1,617,006	1,264,874
Accumulated other comprehensive income	222	111
Deficit	(21,164,763)	(19,649,696)
Total shareholders' equity	9,675,630	4,222,185
	\$ 10,184,335	\$ 4,360,682

Nature of Operations and Ability to Continue as a Going Concern – Note 1
Commitments – Notes 5, 6 and 13

APPROVED BY THE DIRECTORS:

“Craig Schneider” Director
Craig Schneider

“Alan Hitchborn” Director
Alan Hitchborn

COREX GOLD CORPORATION
(An Exploration Stage Company)
CONSOLIDATED STATEMENTS OF LOSS AND DEFICIT
For the years ended December 31

	2010	2009
ADMINISTRATIVE EXPENSES		
Accounting and legal fees	\$ 51,968	\$ 32,914
Amortization	65,832	35,028
Bank charges and interest	5,157	2,267
Consulting fees – Note 7	563,405	426,064
Filing fees	8,216	8,739
Investor relations, website development and marketing	87,064	36,048
Office and administration	94,214	67,163
Rent, net – Note 7	(19,286)	7,036
Shareholder communication	27,086	11,877
Stock based compensation – Note 6	380,450	296,598
Telephone	27,999	17,976
Transfer agent fees	10,229	10,246
Travel	122,077	91,000
Wages	39,073	42,171
Loss before other items	(1,463,484)	(1,085,127)
OTHER ITEMS		
Interest income	12,619	4,957
Other income	-	58,577
Gain on sale of capital assets	9,727	-
Property evaluation	(10,296)	(49,625)
Loss on foreign exchange translation	(63,633)	(29,901)
Loss for the year	(1,515,067)	(1,101,119)
Deficit, beginning of year	\$ (19,649,696)	\$ (18,548,577)
Deficit, end of year	\$ (21,164,763)	\$ (19,649,696)
Basic and diluted loss per common share	\$ (0.04)	\$ (0.04)
Weighted average number of common shares	36,706,612	25,866,806

COREX GOLD CORPORATION
(An Exploration Stage Company)
CONSOLIDATED STATEMENTS OF COMPREHENSIVE LOSS
For the years ended December 31

	2010	2009
Loss for the year before comprehensive loss	\$ (1,515,067)	\$ (1,101,119)
Unrealized gain on available for sale investments – Note 4	111	111
Comprehensive loss for the year	\$ (1,515,178)	\$ (1,101,008)

COREX GOLD CORPORATION
(An Exploration Stage Company)
CONSOLIDATED STATEMENTS OF CASH FLOWS
For the years ended December 31

	2010	2009
Cash Flows from Operating Activities		
Net loss for the year	\$ (1,515,067)	\$ (1,101,119)
Items not involving cash		
Gain on sale of capital assets	(9,727)	-
Amortization	65,832	35,028
Stock-based compensation	380,450	296,598
	(1,078,512)	(769,493)
Changes in non-cash working capital items related to operations:		
Amount receivable	(62,435)	(34,100)
Prepaid expenses	(15,849)	(46,084)
Accounts payable and accrued liabilities	(27,196)	48,073
Net cash used in operating activities	(1,183,992)	(801,604)
Cash Flows From Investing Activities		
Purchase of equipment	(147,952)	(51,651)
Expenditures on mineral properties	(4,613,383)	(1,139,339)
Net cash used in investing activities	(4,761,335)	(1,190,990)
Cash Flows from Financing Activity		
Proceeds from issuance of share capital, net of share issue costs	6,493,451	3,254,694
Net cash provided by financing activities	6,493,451	3,254,694
Increase in cash	548,124	1,262,100
Cash and cash equivalents beginning of year	2,221,120	959,020
Cash and cash equivalents end of year	\$ 2,769,244	\$ 2,221,120

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COREX GOLD CORPORATION
 (An Exploration Stage Company)
CONSOLIDATED STATEMENTS OF CASH FLOWS
 For the years ended December 31

	2010	2009
Supplemental disclosure of cash flow information:		
Cash paid for:		
Interest	\$ -	\$ -
Income taxes	\$ -	\$ -
Cash and cash equivalents represented by:		
Cash	\$ 731,806	\$ 1,690,625
Bankers' Acceptance	-	504,045
Guaranteed Investment Certificates	2,037,438	26,450
	\$ 2,769,244	\$ 2,221,120

Non-cash Transactions – Note 9

COREX GOLD CORPORATION

(An Exploration Stage Company)

CONSOLIDATED STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY

	Common Shares	Amount	Contributed Surplus	Accumulated Deficit	Accumulated Comprehensive Other Income	Total
Balance December 31, 2008	22,921,354	\$19,333,702	\$968,276	(\$18,548,577)	\$ —	\$1,753,401
– return to treasury	(2)	—	—	—	—	—
– pursuant to resource property payment	50,000	18,500	—	—	—	18,500
– pursuant to private placement – at \$0.20	3,000,000	600,000	—	—	—	600,000
– pursuant to private placement – at \$0.50	4,600,000	2,300,000	—	—	—	2,300,000
– pursuant to exercise of warrants – at \$0.32	1,430,000	457,600	—	—	—	457,600
Share issue costs	—	(102,906)	—	—	—	(102,906)
Stock based compensation	—	—	296,598	—	—	296,598
Net loss for the year	—	—	—	(1,101,119)	—	(1,101,119)
Unrealized gain on available-for-sale investments – Note 4	—	—	—	—	111	111
Balance, December 31, 2009	32,001,352	22,606,896	1,264,874	(19,649,696)	111	4,222,185
– pursuant to exercise of warrants – at \$0.32	1,305,000	417,600	—	—	—	417,600
– pursuant to exercise of options – at \$0.11	150,000	16,500	—	—	—	16,500
– pursuant to exercise of options – at \$0.20	360,000	72,000	—	—	—	72,000
– pursuant to exercise of options – at \$0.35	100,000	35,000	—	—	—	35,000
– pursuant to private placement - at \$0.68	6,400,000	4,352,000	—	—	—	4,352,000
– pursuant to private placement - at \$0.50	4,000,000	2,000,000	—	—	—	2,000,000
– pursuant to resource property payment	100,000	67,000	—	—	—	67,000
Share issue costs	—	(455,813)	83,664	—	—	(372,149)
Stock based compensation	—	—	380,450	—	—	380,450
Fair value of stock options exercised	—	111,982	(111,982)	—	—	—
Net loss for the period	—	—	—	(1,515,067)	—	(1,515,067)
Unrealized gain on available-for-sale Investments – Note 4	—	—	—	—	111	111
Balance, December 31, 2010	44,416,352	\$29,223,165	\$1,617,006	(\$21,164,763)	\$222	\$9,675,630

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

COREX GOLD CORPORATION

(An Exploration Stage Company)
Consolidated Schedule of Resource Properties
December 31, 2010 and 2009

		Santana Property Mexico
For the period December 31, 2010		
Acquisition costs, beginning of year	\$	172,401
Shares issued		454,000
Cash payments		383,771
Acquisition costs, end of year		1,010,172
Deferred exploration costs, beginning of year		1,698,183
Drilling		1,416,107
Field supplies and equipment		286,859
Geological consulting – Note 7		280,729
Geological surveys		1,004,152
Legal		26,269
Taxes and recording fees		561,635
Mapping		185,013
Sampling		315,277
Site visits and vehicle costs		191,475
Deferred exploration costs, end of year		5,965,699
Total costs, December 31, 2010	\$	6,975,871

		Santana Property Mexico
For the period December 31, 2009		
Acquisition costs, beginning of year	\$	47,580
Shares issued		18,500
Cash payments		106,321
Acquisition costs, end of year		172,401
Deferred exploration costs, beginning of year		640,142
Drilling		238,151
Field supplies and equipment		98,973
Geological consulting – Note 7		124,130
Geological surveys		274,224
Legal		4,000
Taxes and recording fees		138,425
Mapping		208
Sampling		108,227
Site visits and vehicle costs		70,378
Trenching and roadwork		1,325
Deferred exploration costs, end of year		1,698,183
Total costs, December 31, 2009	\$	1,870,584

COREX GOLD CORPORATION

(An Exploration Stage Company)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

December 31, 2010 and 2009

1. NATURE OF OPERATIONS.

The Company is incorporated under the Company Act of British Columbia, is in the exploration stage and its shares are publicly traded on the TSX Venture Exchange under the symbol CGE. The Company is primarily engaged in the acquisition and exploration of mineral properties. To date, the Company has not earned significant revenues and is considered to be in the exploration stage. The Company is currently in the process of evaluating mineral property opportunities.

The Company's resource properties are without a known body of commercial ore. The business of exploring for resources and mining involves a high degree of risk. Few properties that are explored are ultimately developed into producing mines. Major expenses may be required to establish ore reserves, to develop metallurgical processes, to acquire construction and operating permits and to construct mining and processing facilities. The recoverability of the amount shown for resource properties is dependent upon the ability of the Company to obtain the necessary financing to complete the exploration and development of the properties, discovery of economically recoverable reserves and future profitable production. There is no assurance that the Company will be successful in recovering the amounts shown for resource properties.

These consolidated financial statements are prepared on a going concern basis which assumes that the Company will be able to realize its assets and discharge its liabilities in the normal course of business for the foreseeable future. The Company has not earned significant revenues as it is currently in the process of evaluating mineral property opportunities. The Company has not generated operating cash flows, however, management believes that cash on hand is sufficient to meet its obligations and sustain the operations for at least the next 12 months. The Company's ability to continue as a going concern is dependent upon its ability to successfully raise additional financing to continue its exploration and development activities and to achieve and maintain profitable operations. There is no assurance that the Company will be able to obtain adequate financing in the future or that such financing will be on terms that are advantageous to the Company.

The consolidated financial statements do not include any adjustments to the recoverability and classifications of recorded assets and liabilities and related revenue and expenditures that might be necessary should the Company be unable to continue as a going concern; such adjustments could be significant.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The consolidated financial statements of the Company have been prepared in accordance with generally accepted accounting principles in Canada. Because a precise determination of many assets and liabilities is dependent upon future events, the preparation of financial statements for a period necessarily involves the use of estimates which have been made using careful judgement. Actual results may differ from these estimates.

The consolidated financial statements have, in management's opinion, been properly prepared within the framework of the significant accounting policies summarized as follows:

Basis of Consolidation

These consolidated financial statements include the accounts of the Company and its wholly owned U.S. subsidiary, Latitude Operating Company (incorporated in Nevada) and its wholly-owned Mexican subsidiary, Corex Global S. de R.L. de C.V. ("Corex Global"). All inter-company transactions and balances have been eliminated.

Cash and Cash Equivalents

Cash and cash equivalents consist of all highly liquid investments that are readily convertible to cash and have maturities of three months or less when purchased.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

Equipment

Equipment is recorded at cost and is amortized over their useful lives using the straight-line method with the following annual rates:

Field equipment	10 - 30%
Furniture and equipment	20%
Computer equipment	30%
Vehicles	30%
Leasehold Improvements	20%

Resource Properties

The Company capitalizes the cost of acquiring, maintaining its interest, exploring and developing resource properties until such time as the properties are placed into production, abandoned, sold or considered to be impaired in value. Proceeds received on the sale of interests in resource properties are credited to the carrying value of the resource properties, with any excess included in operations. Write-downs due to impairment in value are charged to operations.

Management reviews the carrying value of resource properties on a periodic basis and will recognize impairment in value based upon current exploration results, the prospect of further work being carried out by the Company, the assessment of future probability of profitable revenues from the property or from the sale of the property. Amounts shown for properties represent costs incurred net of write-downs and recoveries, and are not intended to represent present or future values.

Impairment of Long-lived Assets

Canadian generally accepted accounting principles require that long-lived assets and intangibles to be held and used by the Company be reviewed for possible impairment whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. If changes in circumstances indicate that the carrying amount of an asset that an entity expects to hold and use may not be recoverable, future cash flows expected to result from the use of the asset and its disposition must be estimated. If the undiscounted value of the future cash flows is less than the carrying amount of the asset, impairment is recognized and is measured as the excess of the carrying value of the asset over its fair value. Management believes there are no further impairment provisions required for the Company's long-lived assets as at December 31, 2010 and 2009.

Asset Retirement Obligations

The fair value of obligations associated with the retirement of tangible long-lived assets is recorded in the period in which the liability is incurred with a corresponding increase to the carrying amount of the related asset. The obligations recognized are statutory, contractual or legal obligations. The liability is accreted over time for changes in the fair value of the liability through charges to accretion, which is included in depletion, amortization and accretion expense. The costs capitalized to the related assets are amortized in a manner consistent with the depletion and amortization of the related asset. At December 31, 2010 and 2009, the Company did not have any asset retirement obligations.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

Stock-based Compensation

The fair value of all share purchase options granted is expensed over their vesting period with a corresponding increase to contributed surplus. Upon exercise of share purchase options, the consideration paid by the option holder, together with the amount previously recognized in contributed surplus, is recorded as an increase to share capital.

The Company uses the Black-Scholes option valuation model to calculate the fair value of share purchase options at the date of grant. Option pricing models require the input of highly subjective assumptions, including the expected price volatility. Changes in these assumptions can materially affect the fair value estimate.

Foreign Currency Translation

The accounts of the Company's subsidiaries, which are considered to be dependent on the Company, and transactions of the Company denominated in foreign currencies, are translated to Canadian dollars using the temporal method. Under this method, monetary assets and liabilities are translated at the current rate of exchange and non-monetary assets and liabilities are translated at historical rates of exchange. Revenues and expenses are translated at average rates of exchange for the period, except for depreciation and amortization, which are translated at rates in effect when the related assets were acquired. All exchange gains and losses are recognized in the consolidated statements of loss and deficit.

Loss Per Share

Basic loss per share is computed by dividing the loss for the year by the weighted average number of common shares outstanding during the year. Diluted earnings per share reflect the potential dilution that could occur if potentially dilutive securities were exercised or converted to common stock. In a loss year, potentially dilutive common shares are excluded from the loss per share calculation as the effect would be anti-dilutive. Basic and diluted loss per share are the same for the years presented.

For the period ended December 31, 2010 potentially dilutive common shares (relating to options and warrants outstanding at period-end) totalling 12,992,294 (2009: 8,870,000) were not included in the computation of loss per share because their effect was anti-dilutive.

Future Income Taxes

The Company follows the asset and liability method of accounting for income taxes. Under this method, current income taxes are recognized for the estimated income taxes payable for the current period. Future income tax assets and liabilities are recognized for temporary differences between the tax and accounting basis of assets and liabilities as well as for the benefit of losses available to be carried forward to future years for tax purposes only if it is more likely than not that they can be realized.

Future income tax assets and liabilities are measured using substantively enacted tax rates and laws expected to apply in the years in which temporary differences are expected to be recovered or settled. The effect of a change in tax rates on future income tax assets and liabilities is recognized in operations in the period that includes the substantive enactment date. The value of future income tax assets is reviewed annually and adjusted, if necessary, by use of a valuation allowance to reflect the estimated realizable amount.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

Use of Estimates

The preparation of financial statements requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the reporting period. Significant areas requiring the use of management estimates relate to assumptions used in determining the fair value of non-cash stock-based compensation, the determination of impairment in mineral properties and valuation allowance relating to future tax assets. Actual results could differ from those estimates.

Financial Instruments

Recognition and Measurement

This standard requires all financial instruments within its scope, including derivatives, to be included on the balance sheet and measured either at fair value or, in certain circumstances when fair value may not be considered most relevant, at cost or amortized cost. Changes in fair value are to be recognized in either the Statements of Loss or the Statement of Comprehensive Loss.

In accordance with this standard, the Company has classified its financial instruments as follows:

- Cash and cash equivalents as held for trading which is measured at fair value initially and in subsequent periods;
- Marketable securities as available-for-sale which is measured at fair value initially and at fair value in subsequent periods; and
- Accounts payable and accrued liabilities are classified as other liabilities. They are initially measured at fair value. Subsequent valuations are recorded at amortized cost using the effective interest rate method.

Presentation and Disclosures

Handbook Section 3862, Financial Instruments – Disclosures, was amended in June 2009. It establishes revised standards for the disclosure of financial instruments. The standard establishes a three-tier hierarchy as a framework for disclosing fair value of financial instruments based on inputs used to value the Company's investments as follows:

- Level 1 - fair value measurements are those derived from quoted prices (unadjusted) in active markets for identical assets or liabilities;
- Level 2 - fair value measurements are those derived from inputs other than quoted prices included within Level 1 that are observable for the asset or liability either directly (i.e. as prices) or indirectly (i.e. derived from prices);
- Level 3 - fair value measurements are those derived from valuation techniques that include inputs for the asset or liability that are not based on observable market data (unobservable inputs).

See additional disclosures on financial instruments in Note 10.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

Capital Disclosures

The AcSB issued CICA Handbook Section 1535 "Capital Disclosures" The section specifies the disclosure of (i) an entity's objectives, policies, and processes for managing capital; (ii) quantitative data about what the entity regards as capital; (iii) whether the entity has complied with capital requirements; and (iv) if it has not complied, the consequences of such non-compliance. See additional disclosure in Note 11.

Comprehensive Income

Comprehensive income is composed of the Company's earnings and other comprehensive income. Other comprehensive income includes unrealized gains and losses on available-for-sale securities, all net of income taxes. Cumulative changes in other comprehensive loss will be included in accumulated other comprehensive loss which is presented as a category in shareholders' equity.

Recently Released Accounting Pronouncements

i) Business Combinations

In January 2009, the CICA issued Section 1582 – Business Combinations, which replaces Section 1581 – Business Combinations, and Section 1601 – Consolidated Financial Statements and Section 1602 – Non-Controlling Interests, which replace Section 1600 – Consolidated Financial Statements. These new sections are effective for years beginning on or after January 1, 2011 with earlier adoption permitted. Sections 1582 and 1602 will require net assets, non-controlling interests and goodwill acquired in a business combination to be recorded at fair value and non-controlling interests will be reported as a component of equity. In addition, the definition of a business is expanded and is described as an integrated set of activities and assets that are capable of being managed to provide a return to investors or economic benefits to owners. As well acquisition costs are not part of the consideration and are to be expensed when incurred. These new sections are not expected to have a material impact on the Company's financial condition or operating results.

ii) 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 January 1, 2010 will require the restatement for comparative purposes of amounts reported by the Company for the year ended December 31, 2011. The Company continues to monitor and assess the impact of the convergence of Canadian GAAP and IFRS.

COREX GOLD CORPORATION
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
(An Exploration Stage Company)
December 31, 2010 and 2009

3. EQUIPMENT

	December 31, 2010		
	Cost	Accumulated Amortization	Net Book Value
Field equipment	\$208,158	\$107,222	\$100,936
Furniture and equipment	18,575	2,583	15,992
Computer equipment	114,707	32,328	82,379
Leasehold improvements	10,561	1,631	8,930
Total	\$352,001	\$143,764	\$208,237

	December 31, 2009		
	Cost	Accumulated Amortization	Net Book Value
Field equipment	\$136,911	\$70,531	\$66,380
Furniture and equipment	11,831	11,040	791
Computer equipment	68,785	20,172	48,613
Vehicles	26,221	26,221	—
Total	\$243,748	\$127,964	\$115,784

4. MARKETABLE SECURITIES

	December 31, 2010			December 31, 2009		
	No. of Shares	Cost	Fair Value	No. of Shares	Cost	Fair Value
Hemis Gold Corporation						
- Shares available for sale	25,000	\$ 12,496	\$ 75	25,000	\$ 12,496	\$ 54
- Restricted shares ⁽¹⁾	100,000	30,000	300	100,000	30,000	210
Total	125,000	\$ 42,496	\$ 375	125,000	\$ 42,496	\$ 264

⁽¹⁾ These shares are restricted from resale.

5. RESOURCE PROPERTIES

Title to resource 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 conveyancing history characteristic of many resource properties. The Company has investigated title to all of its resource properties and, to the best of its knowledge, titles to all of its properties are in good standing.

5. RESOURCE PROPERTIES (cont'd)

MEXICO

Santana Property

On December 11, 2007 the Company signed two property option agreements under which it collectively holds rights to acquire a 100% interest in two contiguous mining concessions. In addition to the concessions under option Corex has staked two additional contiguous concessions and all four are collectively known as the "Santana Property". The Santana Property covers approximately 7,000 hectares and is located approximately 200 kilometers east-southeast of Hermosillo, Sonora, Mexico. Terms of the above stated option agreements are as follows:

A) Santa Lucia – Option to Purchase Agreement

<u>Amount</u>	<u>Due date</u>	
US\$ 3,000	December 11, 2007	(Paid in 2008)
5,000	June 11, 2008	(Paid)
5,000	December 11, 2008	(Paid)
10,000	June 11, 2009	(Paid)
10,000	December 11, 2009	(Paid)
15,000	June 11, 2010	(Paid)
<u>202,000</u>	December 11, 2010	(Paid)
<u>US\$ 250,000</u>		

B) Hilda 35 Fraccion 1 - Option to Purchase Agreement

<u>Amount</u>	<u>Due date</u>	
US\$ 6,000	December 11, 2007	(Paid in 2008)
10,000	June 11, 2008	(Paid)
15,000	December 11, 2008	(Paid)
20,000	June 11, 2009	(Paid)
30,000	December 11, 2009	(Paid)
50,000	June 11, 2010	(Paid)
75,000	December 11, 2010	(Paid)
75,000	June 11, 2011	
<u>719,000</u>	December 11, 2011	
<u>US\$ 1,000,000</u>		

The Hilda 35 Fraccion 1 is also subject to a 2% net smelter return (NSR). Each 1% NSR can be purchased for US\$1,000,000 within the three years following the conclusion of the feasibility study with positive results.

On July 22, 2009 Corex and Virgin Metals Inc. ("Virgin") signed an option agreement under which Corex's Mexican subsidiary was granted an option to acquire from Virgin's Mexican subsidiary a 100% interest in three concessions (the "Hilda Concessions") covering 722 ha. that are contiguous to the northern boundary of Corex's Santana property. To acquire the Hilda Concessions Corex must pay Virgin a total of \$340,000, issue Virgin 500,000 common shares and incur \$450,000 in exploration expenditures on the Hilda Concessions over a three year period.

5. RESOURCE PROPERTIES (cont'd)

MEXICO (cont'd)

Santana Property (cont'd)

Under the option agreement, Corex paid Virgin \$25,000 upon execution and issued Virgin 50,000 shares upon TSX Venture Exchange acceptance of the agreement (issued on July 30, 2009). In order to exercise the option, Corex must make payments, issue shares, and incur exploration expenditures as follows:

By July 22, 2010	pay \$35,000 (paid), issue 100,000 shares (issued), incur \$100,000 in expenditures (completed)
By July 22, 2011	pay \$50,000, issue 150,000 shares, incur \$150,000 in expenditures
By July 22, 2012	pay \$230,000, issue 200,000 shares, incur \$200,000 in expenditures
Total	pay \$315,000, issue 450,000 shares, incur \$450,000 in expenditures

Upon exercise of the option Virgin will retain a 2% NSR royalty on the Hilda Concessions, which can be acquired by Corex at any time for US\$1,500,000. Under the option agreement Virgin has rights to back-in and acquire any mineralized zones on the Hilda Fracc 2 concession that contain copper and molybdenum mineralization assaying not less than 0.05% Mo, provided the zone does not also contain gold mineralization assaying greater than 0.2 g/t Au, by paying Corex three times Corex's exploration expenditures on the ground acquired by Virgin.

The San Lucia, Hilda 35 Fraccion 1 and Hilda Concessions, are collectively referred to as the Santana Property.

6. SHARE CAPITAL AND CONTRIBUTED SURPLUS

During the year ended December 31, 2010 the Company completed the following financings.

On July 22, 2010 the Company completed a non-brokered private placement for 6,400,000 units of the Company at a price of \$0.68 per unit ("Unit) for gross proceeds of \$4,352,000. Each Unit consists of one common share of the Company (a "Common Share") and one-half of one transferable Common Share purchase warrant (each whole warrant, a "Warrant"). Each Warrant entitles the holder, on exercise thereof, to purchase one additional Common Share at a price of \$0.90 for a period of 24 months from completion of the Offering. Finders' fees of 6% cash and 6% warrants ("Finders Warrant") and an advisory fee were paid on a portion of the Offering, in accordance with the policies of the Exchange. Each Finders Warrant entitles the holder to purchase one unit (a "Finders Unit") at a price of \$0.68 per Finder Unit for a period of 24 months from closing of the Offering for aggregate cash payments of \$132,360 and 47,294 Finders Warrants recorded at a fair market value of \$19,971. Each Finders Unit consists of one common share and one-half of a non-transferable warrant, with each full warrant entitling the holder to purchase 1 common share at a price of \$0.90 per share for a period of 2 years from issuance.

On October 27, 2010 the Company completed a private placement of 4,000,000 units (the "Units") at a price of \$0.50 per Unit for gross proceeds of \$2,000,000 (the "Financing"). Each Unit consists of one common share of the Company (a "Common Share") and one-half of one non-transferable Common Share purchase warrant (each whole warrant, a "Warrant"). Each Warrant entitles the holder, on exercise thereof, to purchase one additional Common Share at a price of \$0.75 until October 27, 2012 and the expiry date of the Warrants is not subject to acceleration. On completion of the Financing the Company paid the Agent a cash commission of 6.0% of the gross proceeds of the Offering and issued the Agent 240,000 warrants (the "Agent's Warrants"). Each Agent's Warrant entitles the holder, on exercise, to purchase one additional Common Share at a price of \$0.50 per share until October 27, 2012.

The Units, the Agent's Warrants and the Common Shares issuable under the Warrants and the Agent's Warrants are subject to a hold period expiring on February 28, 2011.

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6. SHARE CAPITAL AND CONTRIBUTED SURPLUS (cont'd)

During the year ended December 31, 2009 the Company completed the following financings:

On June 12, 2009 the Company completed a non-brokered private placement of 3,000,000 Units, at \$0.20 per unit for total gross proceeds of \$600,000. Each unit consisted of one common share and one share purchase warrant, exercisable by the holder to acquire one additional common share at a price of \$0.32 in year one and \$0.45 in year two. The warrants are subject to an accelerated expiry which comes into effect once the shares trade above a weighted average price of \$0.50 for any twenty consecutive trading-day period in year one, or \$0.65 for any twenty consecutive trading-day period in year two, subsequent to four months from Closing. In the event of an accelerated expiry, the expiry date will be the earlier of the regular two year expiry date and 30 days from the date the Company advises the placees of the accelerated expiry.

On September 23, 2009 the Company completed a non-brokered private placement for 4,600,000 units at a price of \$0.50 per unit, for aggregate gross proceeds of \$2,300,000. Each unit consisted of one common share and one warrant, exercisable by the holder to acquire one additional common share at a price of \$0.70 for 24 months from Closing. The warrants are subject to an accelerated expiry which comes into effect once the shares trade above a weighted average price of \$1.00 for any twenty consecutive trading-day period, subsequent to four months from Closing. In the event of an accelerated expiry, the expiry date will be the earlier of the regular two year expiry date and 30 days from the date the Company advises the placees of the accelerated expiry.

Escrowed Shares:

As at December 31, 2010 and 2009 5,625 shares are held in escrow, subject to release by regulatory approval.

Commitments:

a) Stock-based Compensation Plan:

The Company has a stock option plan (the "Plan") for officers, directors, employees and consultants whereby a maximum of 10% of the issued shares will be reserved for issuance under the Plan. Options are granted with an exercise price determined by the Board of Directors, which may not be less than the market price of the Company's stock on the date of the grant. The vesting provisions are determined by the Board of Directors and are defined in each stock option agreement.

	Number	Weighted Average Exercise Price	Weighted Average Life
Balance, December 31, 2008	1,060,000	\$0.69	3.00 years
Granted	1,000,000	\$0.11	
Granted	250,000	\$0.25	
Granted	300,000	\$0.35	
Granted	90,000	\$0.43	
Balance, December 31, 2009	2,700,000	\$0.18	4.17 years
Expired	(30,000)	\$0.20	
Granted	610,000	\$0.68	
Exercised	(610,000)	\$0.20	
Balance, December 31, 2010	2,670,000	\$0.30	3.06 years

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6. SHARE CAPITAL AND CONTRIBUTED SURPLUS (cont'd)

At December 31, 2010, 2,670,000 stock options were outstanding and exercisable under the Plan as follows:

Number	Exercise price	Expiry Date
335,000	\$0.20	February 14, 2012
335,000	\$0.20	February 5, 2013
850,000	\$0.11	February 2, 2014
250,000	\$0.25	May 27, 2014
200,000	\$0.35	June 18, 2014
90,000	\$0.43	August 11, 2014
610,000	\$0.68	March 24, 2015
2,670,000		

During the year ended December 31, 2010, a compensation charge associated with the granting of stock options under the Plan in the amount of \$380,450 (2009 - \$271,752) was recognized in the financial statements. For purposes of these calculations, the following assumptions were used for the Black-Scholes model:

	December 31, 2010	December 31, 2009
Risk-free interest rate	2.86%	2.2% - 2.65%
Expected dividend yield	0%	0%
Expected stock price volatility	114.57%	107.43 – 115.04%
Expected option life	5 years	5 years

During the year ended December, 2009 the Company re-priced 1,060,000 options with exercise prices of \$0.40 - \$1.04 per share to an exercise price of \$0.20 per share. The incremental fair value of stock-based compensation adjustment in the amount of \$24,846 has been recorded as a charge to the Statement of Loss and credited to contributed surplus. This incremental value was measured by the difference between the fair value of the modified stock options and the value of the old options immediately before its terms were modified. This value is estimated at the date of grant using the Black-Scholes Option Pricing Model with the following weighted average assumptions:

	December 31, 2010	December 31, 2009
Risk-free interest rate	—	1.35%-2.2%
Expected dividend yield	—	0%
Expected stock price volatility	—	103.23 – 119.72%
Expected option life	—	1.67 – 4.01 years

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6. SHARE CAPITAL AND CONTRIBUTED SURPLUS (cont'd)

b) Share Purchase Warrants:

A summary of the changes in the Company's share purchase warrants outstanding for the period ended December 31, 2010 is as follows:

	Number	Weighted Average Exercise Price	Weighted Average Life
Balance, December 31, 2008	3,169,200	\$1.21	0.43 years
Expired	(3,169,200)	\$1.21	0.43 years
Issued	3,000,000	\$0.32	2.00 years
Issued	4,600,000	\$0.70	2.00 years
Exercised	(1,430,000)	\$0.32	2.00 years
Balance, December 31, 2009	6,170,000	\$0.55	2.00 years
Issued	3,200,000	\$0.90	1.54 years
Issued	47,294	\$0.68	1.54 years
Issued	2,000,000	\$0.75	1.82 years
Issued	240,000	\$0.50	1.82 years
Exercised	(1,305,000)	\$0.32	-
Balance, December 31, 2010	10,352,294	\$0.76	1.21 years

At December 31, 2010, 10,322,294 share purchase warrants were outstanding. Each warrant entitles the holders thereof the right to purchase one common share as follows:

Number	Exercise Price	Expiry Date
265,000	\$0.45	June 12, 2011
4,600,000	\$0.70	September 23, 2011
3,200,000	\$0.90	July 15, 2012
47,294	\$0.68	July 15, 2012
2,000,000	\$0.75	October 27, 2012
240,000	\$0.50	October 27, 2012
10,352,294		

During the period ended December 31, 2010, a compensation charge of \$83,664 associated with the grant of 287,294 share purchase warrants for finders' fees was recorded to share capital. For purposes of these calculations, the following assumptions were used for the Black-Scholes model:

	2010	2009
Risk-free interest rate	1.06%- 1.67%	—
Expected dividend yield	0%	—
Expected stock price volatility	115.87% - 126%	—
Expected option life	2 year	—

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7. RELATED PARTY TRANSACTIONS

The Company incurred the following amounts charged by (to) directors/officers of the Company and companies controlled by directors/officers of the Company for the period ended:

	December 31 2010	December 31 2009
Deferred exploration costs		
Geological consulting fees	\$ 144,785	\$ 89,585
Consulting fees	364,719	238,789
Rent (recovery)	(48,576)	(58,209)
	<u>\$ 460,928</u>	<u>\$ 270,165</u>

These charges were measured by the exchange amount which is the amount agreed upon by the transacting parties.

At December 31, 2010, prepaids include \$19,040 (2009 - \$17,850) of consulting fees paid to a director and officer of the Company.

At December 31, 2010 accounts payable includes \$8,190 (2009 - \$5,119) of consulting fees owing to a director.

8. INCOME TAXES

The Company has accumulated non-capital losses totalling \$13,593,000 (2009 – \$8,572,000) available to reduce future years' taxable income. These losses expire as follows:

	Canada	Mexico
2013	\$ 375,000	\$ -
2014	406,000	-
2016	-	476,000
2017	-	1,861,000
2018	-	2,151,000
2019	-	993,000
2020		3,726,000
2025	296,000	-
2026	335,000	-
2027	515,000	-
2028	523,000	-
2029	817,000	-
2030	1,119,000	-
	<u>\$ 4,386,000</u>	<u>\$ 9,207,000</u>

The Company has accumulated capital losses of \$215,000 (2009 - \$215,000) which may be carried forward indefinitely and applied against future capital gains.

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8. INCOME TAXES (cont'd)

The Company has accumulated Canadian and foreign exploration and development expenditures totalling \$3,930,675 (2009 – 3,930,675) available to reduce future years' taxable income. These expenditures carry forward indefinitely and can be applied to taxable income at various rates.

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

	December 31, 2010	December 31, 2009
a) Loss before income taxes	\$ (1,515,067)	\$ (1,101,119)
Statutory income tax rates	28.5%	30%
Computed income tax recovery	\$ (432,000)	\$ (330,000)
Foreign income taxed at other than Canadian statutory rate	1,000	1,000
Non-deductible stock-based compensation and other items	135,000	96,000
Non-taxable portion of capital gains	9,000	-
Effect of reduction in statutory rate	35,000	108,000
Impact of changes in prior year's tax return	-	(254,000)
Share issuance costs	(93,000)	(26,000)
Expiry of loss carryforward	28,000	54,000
Increase in valuation allowance	317,000	351,000
Total income taxes (recovery)	\$ -	\$ -

b) Significant components of the Company's future income tax assets are as follows:

	2010	2009
Non-capital loss carryforwards	\$ 3,675,000	\$ 2,302,000
Capital loss carryforwards	27,000	27,000
Marketable securities	5,000	5,000
Resource costs	(971,000)	506,000
Share issue costs	113,000	64,000
Equipment	5,000	29,000
Unrealized F/X gain	17,000	8,000
	2,871,000	2,941,000
Less: valuation allowance	(3,258,000)	(2,941,000)
	\$ (387,000)	\$ -

The Company has recorded a valuation allowance against its future income tax assets based on the extent that it is more likely-than-not that sufficient taxable income will not be realized during the carry-forward periods to utilize all the future tax assets.

9. NON-CASH TRANSACTIONS

Investing and financing activities that do not have a direct impact on current cash flows are excluded from the consolidated statements of cash flows. During the year ended December 31, 2010, pursuant to mineral property agreements, the Company issued 100,000 (2009 – 50,000) common shares valued at \$27,500 (2009 - \$18,500) as determined by their market prices when issued. Deferred exploration expenditures of \$10,404 (2009 - \$25,023) was included in accounts payable at December 31, 2010.

10. FINANCIAL INSTRUMENTS

The Company's financial instruments consist of cash and cash equivalents, marketable securities 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 the cash and cash equivalents, receivables, accounts payable and accrued liabilities, approximate carrying value because of the short term nature of these instruments.

The fair value hierarchy of financial instruments measured at fair value on the balance sheet is as follows:

	December 31 2010	December 31 2009
	Level 1	Level 1
Cash and cash equivalents	\$2,769,244	\$2,221,120
Marketable securities	375	264
Total	\$2,769,619	\$2,221,384

The Company does not have Level 2 or Level 3 inputs as described in the Company's accounting policies.

Of the financial assets listed above, \$62,684 (December 31, 2009 - \$1,331,683) represents cash held in United States dollars, and \$14,768 (December 31, 2009 – \$18,934) represents cash held in Mexican Pesos. The remaining cash is held in Canadian dollars.

Credit Risk

Credit risk is the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation. The Company's cash and cash equivalents are exposed to credit risk. The Company reduces its credit risk on cash by placing these instruments with institutions of high credit worthiness. As at December 31, 2010 the Company was not exposed to any significant credit risk.

Interest Rate Risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. Included in the loss for the year in the financial statements is interest income on Canadian dollar cash. As at December 31, 2010, the Company's cash and cash equivalents was subject to or exposed to interest rate risk, however, this risk is not significant.

10. FINANCIAL INSTRUMENTS (cont'd)

Liquidity Risk

Liquidity risk is the risk that the Company will encounter difficulty in meeting obligations associated with financial liabilities. The Company manages liquidity risk by maintaining sufficient cash balance to enable settlement of transactions on the due date. Accounts payable and accrued liabilities are current. The Company addresses its liquidity through equity financing obtained through the sale of common shares and the exercise of warrants and options.

Currency Risk

Cash held in foreign currencies other than the Canadian dollar is subject to currency risk. The Company is exposed to currency risk by incurring certain expenditures in currencies other than the Canadian dollar. The Company does not use derivative instruments to reduce its currency risk.

At December 31, 2010, approximately 6% (2009 – 3%) of the Company's accounts payable and accrued liabilities are denominated in Mexican Pesos. The Company does not use derivative instruments or foreign exchange contracts to hedge against gains or losses arising from foreign exchange fluctuations.

11. CAPITAL DISCLOSURE

The Company manages and adjusts its capital structure based on available funds in order to support its operations and the acquisition and exploration of mineral properties. The Company's primary objectives in managing capital are to:

- Safeguard the entity's ability to continue as a going concern,
- Maintain an optimal capital base in order to support the capital requirements of its operations, including growth opportunities and maintaining investor confidence.

The capital of the Company consists of shareholders' equity. The Board of Directors do 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 Company is not subject to any externally imposed capital requirements. The Company relies on capital markets to support continued growth.

12. SEGMENTED INFORMATION

Operating segments are defined as components of an enterprise about which separate financial information is available that is evaluated regularly by the chief operation decision maker, or decision-making group, in deciding how to allocate resources and in assessing performance. All of the Company's operations are within the mining sector relating to gold exploration. Due to the geographic and political diversity, the Company's exploration operations are decentralized whereby an exploration manager is responsible for business results and a regional corporate office provides support to the exploration programs in addressing local and regional issues. The Company's operations are therefore segmented on a district basis. The Company's assets are located in Canada and Mexico.

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12. SEGMENTED INFORMATION (cont'd)

Details of identifiable assets by geographic segments are as follows:

	December 31, 2010		December 31, 2009	
Total Assets				
Canada	\$	4,376,594	\$	2,087,619
Mexico		5,807,741		2,273,063
	\$	10,184,335	\$	4,360,682

	December 31, 2010		December 31, 2009	
Property and Equipment				
Canada	\$	112,011	\$	49,135
Mexico		95,620		66,079
	\$	207,631	\$	115,214

13. COMMITMENTS

Effective August 1, 2005 the Company entered into a three-year lease agreement for the Company's current office space at a rate of \$3,000 per month. The Company leases out a portion of the office for rent and administration staff for \$4,000/month under an agreement for the term of the head lease. By a Lease Extension and Amending Agreement dated May 27, 2008, the Term of the Lease was extended for a further term of two years, so as to end on July 31, 2010. The parties have agreed to relocate the Leased Premises and extend the Terms of the Lease for a term of three years, commencing April 1, 2010, so as to end March 31, 2013. For the period between April 1, 2010 and March 31, 2013, the amount of \$46,664 per annum, is due in equal monthly instalments of \$3,889 each and payable on the first day of each month.

2011	\$	46,664
2012		46,664
2013		<u>11,667</u>
	\$	<u>104,995</u>

14. SUBSEQUENT EVENT

On January 5, 2011, the Company granted 1,200,000 stock options, exercisable until January 5, 2016, at an exercise price of \$0.67 to various directors, officers and consultants of the Company.