corex

gold corporation

**MANAGEMENT'S DISCUSSION AND ANALYSIS
OF FINANCIAL CONDITIONS AND RESULTS OF OPERATIONS**

FOR THE NINE MONTHS ENDED

September 30, 2017

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The following Management's Discussion and Analysis ("MD&A") is intended to assist the reader to assess material changes in financial condition and results of operations of Corex Gold Corporation (the "Company") as at as at September 30, 2017 and for the three and nine months then ended in comparison to the same period ended in 2016. This MD&A should be read in conjunction with the un-audited condensed consolidated interim financial statements for the period ended September 30, 2017 and September 30, 2016 and related notes.

All financial results presented in this MD&A are expressed in Canadian dollars unless otherwise indicated. The effective date of this MD&A is November 29, 2017.

Throughout the report we refer to Corex, the "Company", "we", "us", "our" or "its". All these terms are used in respect of Corex Gold Corporation. Additional information on the Company can be found on SEDAR at www.sedar.com and on the Company's website at www.corexgold.com.

Cautionary Statement on Forward-Looking Information

This report contains "forward-looking statements" including, the Company's expectations as to but not limited to, comments regarding the timing and content of upcoming work programs, geological interpretations, receipt of property titles, and potential mineral recovery processes. Forward-looking statements express, as at the date of this report, the Company's plans, estimates, forecasts, projections, expectations, or beliefs as to future events or results. The material factors and assumptions used to develop the forward-looking statements and forward looking information contained in this MD&A include the following: our approved budgets, exploration and assay results, mineral resource and reserve estimates and results of the Company's planned exploration expenditure programs, estimated drilling success rates and other prospects. Due to the nature of the mineral resource industry, budgets are regularly reviewed in light of the success of the expenditures and other opportunities that may become available to the Company. Accordingly, while the Company anticipates that it will have the ability to spend the funds available to it, there may be circumstances where, for sound business reasons, a reallocation of funds may be prudent.

Forward-looking statements express, as at the date of this report, the Company's plans, estimates, forecasts, projections, expectations, or beliefs as to future events or results. Forward-looking statements involve a number of risks and uncertainties, and there can be no assurance that such statements will prove to be accurate.

Factors that could cause results or events to differ materially from current expectations expressed or implied by the forward-looking statements, include, but are not limited to, factors associated with fluctuations in the market price of minerals, mining industry risks and hazards, environmental risks and hazards, economic and political events affecting metal supply and demand, uncertainty as to calculation of mineral reserves and resources, requirement of additional financing, and other risks. Actual results may differ materially from those currently anticipated in such statements.

Readers are cautioned that the foregoing list of important factors and assumptions is not exhaustive. Forward-looking statements are not guarantees of future performance. Events or circumstances could cause the Company's actual results to differ materially from those estimated or projected and expressed in, or implied by, these forward-looking statements. The Company undertakes no obligation to update publicly or otherwise revise any forward-looking statements or the foregoing list of factors, whether as a result of new information or future events or otherwise, except as may be required under applicable laws.

Overall Performance and Results of Operations

The Company is incorporated under the Business Corporations Act (British Columbia) and is a "reporting" company in the provinces of British Columbia and Alberta and is listed on the TSX Venture Exchange, (the "Exchange") having the symbol "CGE.V " as a Tier 2 issuer and trades on the OTCQB under the symbol "CGEKF".

The Company is primarily engaged in the acquisition and exploration of precious metal properties located in Mexico. To date, the Company has not earned significant revenues and is considered to be in the exploration stage. The Company's primary focus is the exploration and development of its Santana Project which is a new discovery in Sonora, Mexico. In addition, the Company holds a 100% interest in the Zuloaga property in Zacatecas, Mexico.

Exploration

Santana Property

The Santana property is located about two and a half hour drive northeast of the City of Obregon, accessible via blacktop road. Obregon has regular air service nonstop to Hermosillo and Guadalajara.

During 2017 the Company completed the finishing earthworks and lining of leach pad 2 (which is connected to leach pad 1) and construction of a third solution pond. Additionally, the fine crushing and agglomerating plant was mobilized to site in late spring. Construction of an oil residue storage facility was also completed as required under the land use permit.

With ongoing construction work the Company has also been conducting continuous bulk testing heap-leach activities on a approximate 25,000 tonne bulk sample of coarse crushed material. The leaching to date has been conducted on coarser crushed material that in the next anticipated program will see equivalent leach tests performed on finer crushed material to determine the relationship of crush size and recovery for the project as its development is advanced. A crusher to generate finer sized mineralized material for leaching is now at the project site and Corex anticipates commencing this next step of crushing heap-leach test work next month to determine that optimum crushing size.

The first carbon shipment of 260.50 troy ounces was completed and exported in to the United States to a commercial carbon-stripping facility in Idaho prior to the resulting gold doré being sent to a separate gold refinery in the U.S.

This first shipment included the first 5 loaded carbon columns monitored with atomic adsorption analysis by Corex's technical partner Minas de Guachinango ("MDG"). Sales of this production will offset a portion of development and test work costs incurred during this phase. As specified in the technical operating agreement between Corex and MDG, the proceeds from gold sales recorded during this bulk testing phase will be reinvested to continue development of Santana and reimburse ongoing costs incurred by MDG.

A second shipment of gold-in-carbon concentrate is expected to be exported to the U.S. for able to reconcile the data obtained from the bulk leach test work on the coarse crushed material before embarking on a fine crushed bulk test that will ultimately aid in determining the optimized crush size for future leaching of the Nicho North and Nicho zones.

Custom carbon desorption and precious metal recovery is carried out by Metals Research Corporation in Kimberly, Idaho. Thereafter, the doré is delivered for refining to Cascade Refining Inc. of Salt Lake City, Utah. The refining recovered a total of 219.727 oz of gold and 32.589 oz of silver with a net payable (98.15% of gold and 85% of silver) to Corex amounting to 215.662 oz of gold and 27.7 oz of silver.

See the Company website www.corexgold.com for further details.

Mel Herdrick P. Geo., is the acting Qualified Person as defined by National Instrument 43-101. He has reviewed and approved the preparation of the technical information in this report. He is a shareholder of the company.

The Company will provide further construction updates when available.

The Santana Project is located in a very favorable area of Mexico with excellent infrastructure and a good year-round climate.

The reader should be cautioned the Company has neither completed economic nor technical feasibility studies or metallurgical studies confirming the projected production capacity at Santana and there is no certainty the Company's plans will be economically viable.

The Company is not basing its production effort on a feasibility study with demonstrated mineral reserves and estimated economic and technical viability. As a result, the Company acknowledges and accepts the higher risk of failure with uncertainty of unverified economic and technical outcome. Corex believes the past experience and prudent track record of Chester Millar developing this type of mine helps ameliorate possible technical risk.

Financial Condition

Key Financial Information

	September 30 2017	December 31 2016
Financial position:		
Cash and cash equivalents	$1,715,763	$2,803,745
Property, plant and equipment	22,810	$22,778
Exploration and evaluation assets	$4,783,946	$4,079,981
Total assets	$6,900,044	$6,947,830
Shareholders' equity	$5,875,128	$6,399,199
Working capital	$ 1,098,372	2,311,440

Changes to the Company's financial condition at September 30, 2017 from the Company's year ended December 31, 2016 included the decrease in working capital to a balance of $1,098,372 from $2,311,440, primarily a result from the expenditures for construction and corporate overhead as described herein.

Private Placement

On November 27, 2017 Company advised the non-brokered private placement of up to 20,000,000 units at a price of $0.10 per unit, for aggregate gross proceeds of up to CDN $2,000,000 was increased to 24,000,000 units for gross proceeds of up to $2,400,000 (the "Financing"). Each Unit will consist of one common share and one non-transferable share purchase warrant. Each warrant will be exercisable by the holder to acquire one additional common share at a price of CAD$0.20 for a period of eighteen (18) months following the closing of the financing.

On November 29, 2017 the Company received TSX Venture Exchange approval to close the first tranche of its non-brokered private placement offering (the "Financing") by issuing 16,275,000 units in the capital of the Company ("Units") at an issue price of $0.10 per unit, for gross proceeds of $1,627,500. Each Unit consisted of one common share in the capital of the Company (a "Common Share") and one non-transferable Common Share Purchase Warrant entitling the holder thereof to acquire an additional Common Share at an exercise price of $0.20 for a period of 18 months expiring on May 29, 2019.

All of the Units issued in connection with the Financing and Common Shares issued on exercise of the Warrants will be subject to a restricted resale period that expires on March 30, 2018.

Finders' fees of 7% on a portion of the gross proceeds received by the Company from the sale of Units sold pursuant to the Financing shall include cash of $90,650, 906,500 warrants ("Agent Warrants"). Each Agent Warrant shall be exercisable in whole or in part at an exercise price of $0.20 for a period of 18 months expiring on May 29, 2019.

Proceeds will be used for the development of the Santana property in Mexico and general operating purposes.

Outlook

The Company expects to close the second tranche of the private placement in the next two weeks and will continue to focus on the further development of its Santana Project.

Results of Operations

The Company has no operating revenues and relies on external financings to generate capital for its continued operations. As a result of its activities, Corex continues to incur annual net losses.
Expenditures on the Santana Project for the period ended September 30, 2017:

		Santana Project
Balance as at January 1, 2017	$	4,079,981
Concession taxes		133,869
VAT tax		375,423
Geological consulting		1,456
Legal		7,886
Mine planning and road construction		506,977
Site visits and vehicle costs		5,462
Acquisition and exploration costs during the period *net of recovery of expenses*		1,040,650
Recoveries from sale of concentrate		(351,685)
Asset retirement obligations		15,000
Balance as at September 30, 2017	$	4,783,946

Expenditures on the Santana Project for the year ended December 31, 2016:

		Santana Project
Balance as at January 1, 2016	$	2,764,674
Concession taxes		45,332
Geological surveys & reports		58,820
VAT tax		160,808
Geological consulting		6,212
Legal		14,835
Mine planning and road construction		865,575
Equipment and transports		10,410
Site visits and vehicle costs		2,047
Acquisition and exploration costs during the period *net of recovery of expenses*		1,300,307
Asset retirement obligations		15,000
Balance as at December 31, 2016	$	4,079,981

Financial Results for the period ended September 30, 2017 and September 30, 2016:

For the three months ended September 30, 2017, the Company reported a $314.532 comprehensive loss or $0.00 basic and diluted loss per share compared to a $892,171 comprehensive loss or $0.00 basic and diluted loss per share for the period ended September 30, 2016. The current and prior period loss primarily related to administrative and general costs as described herein below of $318,322 (2016 - $181,555).

For the nine months ended September 30, 2017, the Company reported a $892,171 comprehensive loss or $0.01 basic and diluted loss per share compared to a $424,259 comprehensive loss or $0.00 basic and diluted loss per share for the period ended September 30, 2016. The current and prior period loss primarily related to administrative and general costs as described herein below of $528,710 (2016 - $390,864) and share-based payments of $368,100 for the current period (2016 - $32,290) in relation to the grant of stock options.

		Three Months Ended September 30		Nine Months Ended September 30	
	Note	**2017**	2016	**2017**	2016
Administrative and General Expenses:					
Accounting and legal		$ **4,914**	$ 2,225	$ **20,062**	$ 30,982
Consulting	16	**141,266**	105,035	**254,418**	249,938
Foreign exchange (gain) loss		**29,734**	9,617	**48,435**	(32,897)
Investor relations, website development and marketing		**73,259**	295	**73,874**	14,137
Office and administration fees		**25,533**	23,832	**37,200**	43,442
Regulatory fees		**21,203**	3,519	**29,682**	10,598
Rent		**9,325**	25,468	**21,488**	42,446
Shareholder communications		**4,314**	2,248	**4,785**	2,445
Transfer agent fees		**626**	1,365	**2,720**	4,645
Travel		**2,254**	1,266	**12,678**	2,084
Wages		**5,893**	6,685	**23,368**	23,044
		$ **318,322**	$ 181,555	$ **528,710**	$ 390,864

Material changes to note were:

Accounting and legal *- The primary component of the increase in expenditures relates to an increase of the 2016 audit ($7,640) from the accrual amount due to the increase in activities in Mexico on the Santana project as well as the Company's auditors services for their review of Q1 March 31, 2017 ($5,000).*

Consulting *- The increase in consulting fees for the three months ended September 30, 2017 was the overlap of management during transition ($30,000) wherein Mr. Douglas Ramshaw was appointed President and CEO on July 19, 2017.*

Foreign exchange loss (gain) *– The loss on foreign exchanged related to an increase in intercompany balances to its Mexican subsidiary at an average exchange rate from MXP to CDN of $0.069397 compared to MXP to CDN of $0.77375 in the prior period.*

Investor relations, website development and marketing *– The increase in expenditures for the current period were the results of an increased marketing campaign which included $25,000 for media marketing in connection with the Company's Santana project.*

Regulatory fees *– The increase in fees related to the Company making application to the OTCQB for listing of approx. $21,000.*

Rent *– The decrease in rent in the current period was from the receipt of rental income for shared office space for approximately $56,000.*

Travel *– The increase in travel for the current period was the result of the increased marketing activities as noted above.*

Summary of Quarterly Results

The following table summarizes certain selected financial information reported by the Company for the each of the last eight quarters reported. The following quarter results are prepared in accordance with IFRS.

	September 30 2017	June 30 2017	March 31 2017	December 31 2016
Total Revenues	$ —	$ —	$ —	$ —
Total comprehensive loss	$ (314,532)	$ (424,883)	$ (152,756)	$ (213,084)
Basic and diluted loss per share	$ (0.00)	$ (0.00)	$ (0.00)	$ (0.00)

		September 30 2016		June 30 2016		March 31 2016		December 31 2015
Total revenues	$	—	$	—		—	$	—
Total comprehensive loss	$	(181,533)	$	(135,900)		(107,077)	$	(277,777)
Basic and diluted loss per share	$	(0.01)	$	(0.00)		(0.00)	$	(0.01)

Significant variances to note for the quarters reported hereinabove include:

The Company reported a comprehensive loss of $424,883 during the second quarter June 30, 2017 or $0.00 loss per share primarily attributed to the share-based payment expense of $368,100 for the grant of stock options.

The Company reported a comprehensive loss during the fourth quarter December 31, 2016 of $213,084 or $0.00 loss per share primarily attributed to the adjustment for loss on the settlement of debt in trade payables of $121,275.

The Company reported a comprehensive loss during the fourth quarter December 31, 2015 of $277,777 or $0.01 loss per share. The significant increase in comprehensive loss was primarily attributed to stock-based compensation for the grant of options of $170,961.

Liquidity and Capital Resources

At September 30, 2017 the Company had a working capital of $1,098,372 (December 31, 2016 - $2,311,440) and no long-term debt other than the provision for reclamation of $30,000 in connection with exploration activities at Santana (December 31, 2016 - $15,000). Cash and cash equivalents on hand was $1,715,763 (December 31, 2016 - $2,803,745) with trade payables of $969,916 (December 31, 2016 - $508,631) and interest of $25,000 (December 31, 2016 - $25,000) that remains owing from a previous note payable. Receivables included an amount of $346,785 for the settlement of the sale of concentrates from the Company's Santana project as described hereinabove.

As at September 30, 2017 and December 31, 2016, the Company had no contractual property commitments.

The Company has not generated revenues from its operations to date. With the recent financings completed the Company will be able to meet its working capital requirements for the next 12 months however the Company will be required to raise sufficient cash resources to further development its Santana Project to compete the planned pilot plant testing. The Company, although it has been successful in raising funds through equity issuances, in the past, there is no assurance it will be able to do so in the future in prevailing market conditions. The Company will require additional financing to continue exploration and development of its Santana property.

The Company's policy is to invest its cash in highly liquid, short term, interest bearing investments with maturities of 90 days or less from the date of acquisition or over a period longer that may be redeemable after 30 days. The Company is not subject to externally imposed capital requirements. There has been no change in the Company's approach to capital management during the period ended September 30, 2017.

Related Party Transactions

a) Key Management Compensation

Consulting fees consist of:

b) Key Management Compensation

Consulting fees consist of:

	September 30 2017	September 30 2017
Key management personnel compensation comprised:		
Share-based payments	$236,636	$19,510
Consulting fees	138,755	155,438
	$375,391	$174,948

1 Consulting fees of $30,000 (2016 - $48,000) were paid or accrued to Mr. Douglas Ramshaw the President and Chief Executive Officer of the Company. Mr. Ramshaw was appointed on July 19, 2017. Mr. Ramshaw in 2016 acted as the Company's Vice President of Corporate Development.

2 Consulting fees of $90,000 (2016 - $90,000) were paid or accrued to Craig Schneider ("Schneider"), a director and the former Company's Chief Executive Officer. Mr. Scheider resigned on July 19, 2017 and Mr. Douglas Ramshaw was appointed in his stead as President and Chief Executive Officer

3 Consulting fees of $18,755 (2016 - $17,438) were paid or accrued to Minco Corporate Management ("Minco"), a company controlled by Terese Gieselman, the Company's Chief Financial Officer.

4 Share-based payments are the fair value of options granted to directors and key management personnel as described in Note 14.

c) Related Party Liabilities Included in Trade and Other Payables

Amounts due to:	Service for:	September 30 2017	December 31 2016
Schneider	Consulting fees	$84,000	$-
Minco	Consulting fees	1,126	6,568
		$85,126	$6,568

d) Related Party Receivables

As at September 30, 2017 $12,717 (December 31, 2016 - $12,321) was included in accounts receivable for expenses incurred on behalf of Standard Graphite Corp. ("Standard") for shared office expenses and rent. Standard is a company that has a common officer, Terese Gieselman and common director Kevin Puil. Amounts due relate to expenses incurred on behalf of Standard.

Critical Accounting Policies and Estimates

Corex is a venture issuer, therefore this section is not applicable. The details of Corex's accounting policies are presented in Note 3 of the audited financial statements for the year ended December 31, 2016. These policies are considered by management to be essential to understanding the processes and reasoning that go into the preparation of the Company's financial statements and the uncertainties that could have a bearing on its financial results.

Recent and Future Accounting Pronouncements

The standards listed below include only those which the Company reasonably expects may be applicable to the Company at a future date. The Company is currently assessing the impact of the standards on the consolidated financial statements.

IFRS 9 *Financial Instruments*

IFRS 9 will replace IAS 39 *Financial Instruments: Recognition and Measurement* and IFRIC 9 *Reassessment of Embedded Derivatives*. The final version of this new standard supersedes the requirements of earlier versions of IFRS 9. However, for annual periods beginning before January 1, 2018, an entity may elect to apply those earlier versions instead of applying the final version of this new standard if its initial application date is before February 1, 2015.

The main features introduced by this new standard compared with predecessor IFRS are as follows:

IFRS 9 *Financial Instruments* (cont'd)

- *Classification and measurement of financial assets:*
  Debt instruments are classified and measured on the basis of the entity's business model for managing the asset and its contractual cash flow characteristics as either: "amortized cost", "fair value through other comprehensive income", or "fair value through profit or loss" (default). Equity instruments are classified and measured as "fair value through profit or loss" unless upon initial recognition elected to be classified as "fair value through other comprehensive income".

- *Classification and measurement of financial liabilities:*
  When an entity elects to measure a financial liability at fair value, gains or losses due to changes in the entity's own credit risk is recognized in other comprehensive income (as opposed to previously profit or loss). This change may be adopted early in isolation of the remainder of IFRS 9.

- *Impairment of financial assets:*
  An expected credit loss impairment model replaced the incurred loss model and is applied to financial assets at "amortized cost" or "fair value through other comprehensive income", lease receivables, contract assets or loan commitments and financial guarantee contracts. An entity recognizes twelve-month expected credit losses if the credit risk of a financial instrument has not increased significantly since initial recognition and lifetime expected credit losses otherwise.

- *Hedge accounting:*
  Hedge accounting remains a choice, however, is now available for a broader range of hedging strategies. Voluntary termination of a hedging relationship is no longer permitted. Effectiveness testing now needs to be performed prospectively only. Entities may elect to continue to applying IAS 39 hedge accounting on adoption of IFRS 9 (until the IASB has completed its separate project on the accounting for open portfolios and macro hedging).

- *Derecognition:*
  The requirements for the derecognition of financial assets and liabilities are carried forward from IAS 39.

This standard is applicable to the Company's annual periods beginning January 1, 2018.

IFRS 16 Leases

IFRS 16 specifies how an IFRS reporter will recognize, measure, present and disclose leases. The standard provides a single lessee accounting model, requiring lessees to recognize assets and liabilities for all leases unless the lease term is 12 months or less or the underlying asset has a low value. Lessors continue to classify leases as operating or finance, with IFRS 16's approach to lessor accounting substantially unchanged from its predecessor, IAS 17 *Leases*.

Applicable to annual periods beginning on or after January 1, 2017.

- *Disclosure Initiative (Amendments to IAS 7 Statement of Cash Flows)*
  The amendments require entities to provide disclosures that enable users of financial statements to evaluate changes in liabilities arising from financing activities.

- *Recognition of Deferred Tax Assets for Unrealized Losses (Amendments to IAS 12 Income Taxes*)
  The amendments clarify how to account for deferred tax assets related to debt instruments measured at fair value.

Financial Instruments and Risk Management

The Company is exposed through its operations to the following financial risks:

- Market Risk
- Credit Risk
- Liquidity Risk

In common with all other businesses, the Company is exposed to risks that arise from its use of financial instruments. This note describes the Company's objectives, policies and processes for managing those risks and the methods used to measure them. Further quantitative information in respect of these risks is presented throughout these consolidated financial statements.

There have been no substantive changes in the Company's exposure to financial instrument risks, its objectives, policies and processes for managing those risks or the methods used to measure them from previous years unless otherwise stated in the note.

General Objectives, Policies and Processes

The Board of Directors has overall responsibility for the determination of the Company's risk management objectives and policies and, whilst retaining ultimate responsibility for them, it has delegated the authority for designing and operating processes that ensure the effective implementation of the objectives and policies to the Company's management. The effectiveness of the processes put in place and the appropriateness of the objectives and policies it sets are reviewed periodically by the Board of Directors if and when there are any changes or updates required.

The overall objective of the Board is to set policies that seek to reduce risk as far as possible without unduly affecting the Company's competitiveness and flexibility. Further details regarding these policies are set out below.

Market Risk

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate due to changes in market prices. Market prices are comprised of interest rate, commodity price risk and foreign currency risk.

Interest Rate Risk

Interest rate risk is the risk that future cash flows will fluctuate as a result of changes in market interest rates. The Company's current policy is to invest excess cash in guaranteed investment certificates or interest-bearing accounts of major Canadian chartered banks. The Company regularly monitors compliance to its cash management policy.

As at September 30, 2017, the Company has interest payable on convertible debt that is a fixed amount and does not accrue further interest. Cash and guaranteed investment certificates are subject to floating interest rates therefore interest rate risk is limited to potential decreases on the interest rate offered on cash and cash equivalents held with chartered Canadian financial institutions. The Company considers this risk to be immaterial.

Commodity Price Risk

The Company's ability to raise capital to fund exploration or development activities may be subject to risks associated with fluctuations in the market prices of the relevant commodities. The Company closely monitors commodity prices to determine the appropriate course of action to be taken by the Company.

Foreign Currency Risk

The Company is exposed to currency risk for its Canadian dollar equivalent of assets and liabilities denominated in currencies other than Canadian dollars as follows:

		Stated in Canadian Dollars Held in Mexican Pesos
Cash and cash equivalents	$	11,214
Receivables		349,556
Prepaid expenses and advances		(1,532)
Trade and other payables		(787,007)
Provisions		(30,000)
Net financial monetary assets (liabilities) September 30, 2017	$	(457,770)
Cash and cash equivalents	$	12,044
Receivables		2,624
Prepaid expenses and advances		1,703
Trade and other payables		(459,075)
Provisions		(15,000)
Net financial monetary assets (liabilities) December 31, 2016	$	(457,704)

Based upon the above net exposure as at September 30, 2017 and assuming all other variables remain constant, a 10% (December 31, 2016 - 10%) depreciation or appreciation of the Canadian dollar relative to the Mexican peso could result in a decrease (increase) of approximately $45,770 (December 31, 2016 - $45,770) in the unrealized foreign exchange gain or loss in the consolidated statement of loss and comprehensive loss.

The Company has not entered into any agreements or purchased any instruments to hedge possible currency risks at this time.

Credit Risk

Credit risk is the risk of financial loss to the Company if a customer or counterparty to a financial instrument fails to meet its contractual obligations. Financial instruments that are potentially subject to credit risk for the Company consist primarily of cash and cash equivalents. Cash and cash equivalents is maintained with financial institutions of reputable credit and may be redeemed upon demand.

The carrying amount of financial assets represents the maximum credit exposure. Credit risk exposure is limited through maintaining cash with high-credit quality financial institutions and management considers this risk to be minimal for all cash assets based on changes that are reasonably possible at each reporting date.

Liquidity Risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they become due. The Company's policy is to ensure that it will always have sufficient cash to allow it to meet its liabilities when they become due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Company's reputation. The key to success in managing liquidity is the degree of certainty in the cash flow projections. If future cash flows are fairly uncertain, the liquidity risk increases.

Typically, the Company ensures that it has sufficient cash on demand to meet expected operational expenses for a period of 90 days. To achieve this objective, the Company would prepare annual capital expenditure budgets, which are regularly monitored and updated as considered necessary. Further, when required, the Company utilizes authorizations for expenditures on exploration projects to further manage expenditures.

The Company monitors its risk of shortage of funds by monitoring the maturity dates of existing trade and other accounts payable and option payment commitments.

Determination of Fair Value

Fair values have been determined for measurement and/or disclosure purposes based on the following methods. When applicable, further information about the assumptions made in determining fair values is disclosed in the notes specific to that asset or liability.

The consolidated statements of financial position carrying amounts for cash and cash equivalents, receivables, related party loans receivables, prepaid expenses and advances, trade and other payables, and interest payable on convertible debt approximate fair values due to their short-term nature.

Due to the use of subjective judgments and uncertainties in the determination of fair values these values should not be interpreted as being realizable in an immediate settlement of the financial instruments.

Fair Value Hierarchy

Financial instruments that are measured subsequent to initial recognition at fair value are grouped in Levels 1 to 3 based on the degree to which the fair value is observable:

- 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); and
- 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).

The Company's cash and cash equivalents and marketable securities are measured using Level 1 inputs. The Company does not hold any financial instruments measured using Level 2 or Level 3 inputs at September 30, 2017 and December 31, 2016.

Capital Management

The Company considers its share capital, warrants and stock options as capital. The Company manages the capital structure and makes adjustments to it in light of changes in economic conditions and the risk characteristics of the underlying assets. To maintain or adjust the capital structure, the Company may attempt to issue new shares. Although the Company has been successful at raising funds in the past through the issuance of share capital, it is uncertain whether it will continue this method of financing due to the current difficult market conditions.

In order to facilitate the management of its capital requirements, the Company prepares expenditure budgets that are updated as necessary depending on various factors, including successful capital deployment and general industry conditions. Management reviews the capital structure on a regular basis to ensure that the above objectives are met. The Company's capital is not subject to any externally imposed capital requirements. There have been no changes to the Company's approach to capital management during the period ended September 30, 2017.

Outstanding Share Data

Corex's authorized capital is unlimited common shares without par value. As at the date of this report, 133,582,471 common shares were issued and outstanding. The Company as at the date of this report had the following outstanding options, warrants and convertible securities:

Type of Security	Number	Exercise Price	Expiry Date
Stock Options	750,000	$0.10	07-Feb-18
Stock Options	850,000	$0.10	08-Feb-18
Stock Options	150,000	$0.05	03-Feb-21
Stock Options	3,600,000	$0.05	02-Nov-20
Stock Options	150,000	$0.05	03-Feb-21
Stock Options	3,500,000	$0.12	19-May-22
Stock Options	200,000	$0.12	26-Oct-22
Share Purchase Warrants	10,000,000	$0.15	10-May-18
Agents Warrants	525,000	$0.15	10-May-18

Escrowed Shares:

As at the date of this report there were no shares held in escrow.

Risks and uncertainties

Risks

The business of mineral deposit exploration and extraction involves a high degree of risk. Few properties that are explored ultimately become producing mines. At present, the Company's focus is the completion of the required permitting at its Santana Project. Upon receipt of same the Company anticipates it will initiate a pilot plant operation, as described hereinabove. Although the Company anticipates receiving its final permits, there is no guarantee it will be receive same. As the Company has not completed feasibility studies confirming the projected production capacity at Santana there is no certainty the Company's plans will be economically viable.

The main operating risks include: securing adequate funding to, maintain and advance future exploration and development of its Santana Project; ensuring ownership of and access to mineral properties by confirmation that claims and leases are in good standing and obtaining permits for drilling and development and other exploration activities.

As a mineral exploration company, Corex's performance is affected by a number of industry and economic factors and exposure to certain environmental risks and regulatory requirements. These include metal prices, competition amongst exploration firms for attractive mineral properties, the interest of investors in provided high-risk equity capital to exploration companies, and the availability of qualified staff and equipment such as drilling rigs to conduct exploration.

Other than the Company's one employee, employed by Corex Globel the Company's Mexico subsidiary, all work is carried out through independent consultants and the Company requires that all consultants carry their own insurance to cover any potential liabilities as a result of their work on a project.

Uncertainties

The Company has not generated revenue from operations. The Company incurred a net loss of $892,339 during the period ended September 30, 2017 (September 30, 2016 - $424,510) and, as of that date, the Company's deficit was $34,163,266 (December 31, 2016 - $33,270,927) and is expected to continue to incur losses. These conditions indicate the existence of material uncertainties, which may cast significant doubt on the Company's ability to continue as a going concern. As the Company is in the exploration stage, the recoverability of the costs incurred to date on exploration 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 and deferred exploration expenditures. The Company will periodically have to raise funds to continue operations, and although it has been successful in doing so in the past, there is no assurance it will be able to do so in the future.

Accordingly, no adjustments to the carrying values of the assets and liabilities have been made in these consolidated financial statements. Should the Company no longer be able to continue as a going concern, certain assets and liabilities may require restatement on a liquidation basis which may differ materially from the going concern basis.

Other Requirements

Additional disclosure of the Company's material change reports, news release and other information can be obtained on SEDAR at www.sedar.com.