OREX MINERALS INC. (FORMERLY OREX VENTURES INC.)
(An Exploration Stage Company)
BALANCE SHEETS
AS AT OCTOBER 31, 2007 AND APRIL 30, 2007
(Expressed in Canadian Dollars)
(UNAUDITED)

AUDIT REVIEW OF INTERIM FINANCIAL STATEMENTS
Please note that the Company's auditors have not reviewed these Financial Statements

	October 31, 2007 $ (Unaudited)	April 30, 2007 $ (Audited)
ASSETS		
CURRENT ASSETS		
Cash and cash equivalents	195,986	167,092
Short-term investments	1,200,000	1,800,000
Receivables	64,952	42,456
Exploration advances	84,752	3,890
	1,545,690	2,013,438
EQUIPMENT	2,077	2,443
MINERAL PROPERTIES	953,733	87,633
	2,501,500	2,103,514
LIABILITIES		
CURRENT LIABILITIES		
Accounts payable and accrued liabilities	6,740	109,796
SHAREHOLDERS' EQUITY		
SHARE CAPITAL	7,166,722	6,224,003
SHARES ISSUABLE	-	15,500
CONTRIBUTED SURPLUS	1,980,093	1,496,118
DEFICIT	(6,652,055)	(5,741,902)
	2,494,760	1,993,719
	2,501,500	2,103,514

Approved on behalf of the board of directors:

"Gary Cope" Director

"Ross Wilmot" Director

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

OREX MINERALS INC. (FORMERLY OREX VENTURES INC.)
(An Exploration Stage Company)
STATEMENTS OF OPERATIONS AND DEFICIT
FOR THE THREE AND SIX MONTHS ENDED OCTOBER 31, 2007 AND 2006
(Expressed in Canadian Dollars)
(UNAUDITED)

	Three months ended October 31,		Six months ended October 31,	
	2007	2006	2007	2006
	$	$	$	$
EXLORATION AND DEVELOPMENT EXPENSES (Schedule 1)				
Driling	-	83,392	-	83,392
Geophysical	-	-	-	129,097
Geochemical	-	2,814	-	50,227
Geological	24,375	80,416	43,277	168,143
Assay	1,430	-	1,942	-
Site costs	316,493	-	316,493	-
General exploration	444	37,158	10,598	61,790
	342,742	203,780	372,309	492,649
GENERAL EXPENSES				
Amortization	183	262	366	524
Bank charges and interest	448	345	1,156	638
Consulting fees	15,000	28,490	35,660	51,928
Insurance	1,263	1,275	2,330	2,550
Investor relations	24,381	21,699	57,432	38,199
Management fees	41,300	36,200	80,500	71,500
Office and administrative	10,291	11,223	24,015	23,607
Professional fees	49,366	20,650	59,629	25,186
Rent	18,930	12,000	35,730	20,000
Repairs and maintenance	1,452	1,268	5,266	1,459
Stock-based compensation	104,890	84,350	170,676	84,350
Transfer agent and filing fees	15,039	16,032	19,477	26,645
Travel and entertainment	32,918	22,331	70,888	22,331
	315,461	256,125	563,127	368,917
LOSS BEFORE OTHER ITEMS	(658,203)	(459,905)	(935,436)	(861,566)
OTHER ITEMS				
Foreign exchange gain (loss)	(12,447)	2,449	(13,147)	1,149
Interest income	18,419	4,459	38,430	7,117
NET LOSS AND COMPREHENSIVE LOSS FOR THE PERIOD	(652,231)	(452,997)	(910,153)	(853,300)
DEFICIT - BEGINNING OF PERIOD	(5,999,824)	(3,830,913)	(5,741,902)	(3,430,610)
DEFICIT - END OF PERIOD	(6,652,055)	(4,283,910)	(6,652,055)	(4,283,910)
BASIC AND DILUTED LOSS PER SHARE	0.02	0.02	0.02	0.04

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

OREX MINERALS INC. (FORMERLY OREX VENTURES INC.)
(An Exploration Stage Company)
STATEMENTS OF CASH FLOWS
FOR THE THREE AND SIX MONTHS ENDED OCTOBER 31, 2007 AND 2006
(Expressed in Canadian Dollars)
(UNAUDITED)

	Three months ended October 31,		Six months ended October 31,	
	2007	2006	2007	2006
	$	$	$	$
CASH AND CASH EQUIVALENTS FROM (USED IN):				
OPERATING ACTIVITIES				
Net loss for the period	(652,231)	(452,997)	(910,153)	(853,300)
Items not involving cash				
Amortization	183	262	366	524
Stock-based compensation expense	104,890	84,350	170,676	84,350
	(547,158)	(368,385)	(739,111)	(768,426)
Change in operating assets and liabilities:				
Receivables	6,528	16,254	(22,496)	10,085
Exploration advances	25,993	(767,111)	(80,862)	(496,622)
Accounts payable and accrued liabilities	(23,940)	38,110	(103,056)	23,343
	(538,577)	(1,081,132)	(945,524)	(1,231,620)
INVESTING ACTIVITIES				
Acquisition of mineral property	-	-	(866,100)	-
Redemption of short-term investments	300,000	-	600,000	-
	300,000	-	(266,100)	-
FINANCING ACTIVITIES				
Proceeds from common shares issued, net of share issue costs	53,250	1,148,348	947,018	2,498,348
Proceeds from warrants issued in private placements	-	-	293,500	-
Receipt of share subscriptions	-	-	-	(619,500)
	53,250	1,148,348	1,240,518	1,878,848
INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	(185,327)	67,216	28,894	647,228
CASH AND CASH EQUIVALENTS - BEGINNING OF PERIOD	381,312	737,397	167,092	157,385
CASH AND CASH EQUIVALENTS - END OF PERIOD	195,986	804,613	195,986	804,613

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

SCHEDULE 1

OREX MINERALS INC. (FORMERLY OREX VENTURES INC.)
STATEMENT OF PROPERTY ACQUISITION AND EXPLORATION EXPENDITURES
FOR THE SIX MONTHS ENDED OCTOBER 31, 2007
(UNAUDITED)

PROPERTY ACQUISITION COSTS	**EL TIGRE**	**LAS SORPRESAS**	**PAMEL**	**SANTA CRUZ**	**TOTAL**
Balance, April 30, 2007	$ -	$ 87,633	$ -	$ -	$ 87,633
Additions in the period:	-	-	-	866,100	866,100
Balance, October 31, 2007	$ -	$ 87,633	$ -	$ 866,100	$ 953,733

YEAR-TO-DATE EXPLORATION EXPENDITURES					
Drilling	$ -	$ -	$ -	$ -	$ -
Geophysical	-	-	-	-	-
Geochemical	-	-	-	511	511
Geological	-	-	-	43,277	43,277
Assay	-	-	-	1,430	1,430
Site costs	-	-	-	316,493	316,493
General exploration	-	-	-	10,598	10,598
Total expenditures for the period	$ -	$ -	$ -	$ 372,309	$ 372,309

TOTAL EXPLORATION EXPENDITURES TO DATE					
Drilling	$ -	$ -	$ 436,948	$ -	$ 436,948
Geophysical	131,703	114,977	104,226	-	350,906
Geochemical	69,303	57,807	175,202	511	302,823
Geological	95,054	181,533	185,230	43,277	505,094
Assay	-	-	-	1,430	1,430
Site costs	-	-	-	316,493	316,493
General exploration	33,448	48,620	464,023	10,598	556,689
Total expenditures to date	$ 329,508	$ 402,937	$ 1,365,629	$ 372,309	$ 2,470,383

1. NATURE AND CONTINUANCE OF OPERATIONS

Orex Minerals Inc. (formerly Orex Ventures Inc.) (the "Company") was incorporated under the laws of the Province of British Columbia, Canada on April 25, 1996. The Company's principal business activities include the acquisition and exploration of mineral properties domiciled in Peru and Mexico. The Company is in the exploration stage and has not yet determined whether any of these properties contain ore reserves that are economically recoverable.

As at October 31, 2007, the Company had working capital of $1,538,950, and accumulated losses of $6,652,055 since inception. The continuance of the Company's operations is dependent on obtaining sufficient additional financing in order to realize the recoverability of the Company's investments in mineral properties, which is dependent upon the existence of economically recoverable reserves and market prices for the underlying minerals.

These financial statements have been prepared on the basis of accounting principles applicable to a going concern, which assumes the Company will be able to realize its assets and discharge its liabilities in the normal course of business for the foreseeable future.

2. SIGNIFICANT ACCOUNTING POLICIES

(a) Basis of Presentation

These financial statements are prepared in accordance with Canadian generally accepted accounting principles and are expressed in Canadian dollars. These financial statements have been prepared following the same accounting policies and methods of computation as the financial statements for the fiscal year ended April 30, 2007. The disclosures included below are incremental to those included with the annual financial statements. These interim financial statements should be read in conjunction with the audited annual financial statements and the notes thereto in the Company's annual report for the year ended April 30, 2007.

(b) Use of Estimates

The preparation of financial statements in conformity with Canadian generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and revenues and expenses during the reporting period. Significant areas requiring the use of estimates relate to the recoverability or valuation of receivables and mineral properties, the utilization of future income tax assets, the valuation of asset retirement obligations and stock-based compensation. Actual results may ultimately differ from those estimates.

(c) Cash Equivalents

The Company considers all highly liquid investments with a term to maturity of three months or less on the date of purchase to be cash equivalents.

(d) Short-Term Investments

Short-term investments consist of highly liquid short-term interest bearing securities with a term to maturity of greater than three months on the date of purchase. Short-term investments are recorded at the lower of cost or fair market value.

(e) Translation of Foreign Currencies

Transactions and balances in currencies other than the Canadian dollar are translated using the temporal method under which revenue, expenses and non-monetary balances are converted at exchange rates prevailing at the transaction dates and monetary balances are converted at rates prevailing at year-end with resulting exchange gains and losses recognized in the determination of income.

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

(f) Earnings (loss) per Share

Basic earnings (loss) per share is computed by dividing net earnings (loss) by the weighted average number of common shares outstanding during the period. Diluted earnings (loss) per share is calculated by adjusting the weighted average number of common shares outstanding using the treasury stock method, to reflect the potential dilution of securities that could result from the exercise of “in the money” stock options and warrants.

(g) Long-Lived Assets

The recoverability of long-lived assets, which includes property and equipment and mineral properties, is assessed when an event occurs indicating impairment. Recoverability is based on factors such as future asset utilization and the future undiscounted cash flows expected to result from the use or sale of the related assets. An impairment loss is recognized in the period when it is determined that the carrying amount of the asset will not be recoverable. At that time the carrying amount is written down to fair value.

(h) Mineral Properties

Mineral property acquisition costs are capitalized, exploration costs are expensed, and development costs are capitalized once a mineral property is determined to be economically viable. Capitalized mineral property costs will be amortized upon the commencement of commercial production using the unit of production basis.

(i) Stock-Based Compensation

The Company has a plan for granting stock options to management, directors, employees and consultants. The Company recognizes compensation expense for this plan under the fair value based method in accordance with CICA Handbook section 3870 “Stock-Based Compensation and Other Stock-Based Payments”. Under this method, the fair value of each option grant is estimated on the date of the grant and amortized over the vesting period, with the resulting amortization credited to contributed surplus. The Company estimates the fair value of each grant using the Black-Scholes option-pricing model. Consideration paid by employees on the exercise of stock options is recorded as share capital.

(j) Asset Retirement Obligations

The Company recognizes liabilities for statutory, contractual or legal obligations associated with the reclamation of mining property, plant and equipment, when those obligations result from the acquisition, construction, development or normal operation of the assets. Initially, a liability for an asset retirement obligation is recognized at its fair value in the period in which it is incurred. Upon initial recognition of the liability, the corresponding asset retirement cost is added to the carrying amount of the related asset and the cost is amortized as an expense over the economic life of the asset using either the unit-of-production method or the straight-line method, as appropriate. Following the initial recognition of the asset retirement obligation, the carrying amount of the liability is increased for the passage of time and adjusted for changes to the amount or timing of the underlying cash flows needed to settle the obligation. As at October 31, 2007, the Company has not incurred any asset retirement obligations related to the exploration of its mineral properties.

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

(k) Income Taxes

The Company follows the asset and liability method of accounting for income taxes. Future income tax assets and liabilities are determined based on temporary differences between the accounting and tax bases of existing assets and liabilities, and are measured using the tax rates expected to apply when these differences reverse. A valuation allowance is recorded against any future tax asset if it is more likely than not that the asset will not be realized.

(l) Comparative Figures

Certain comparative figures have been reclassified to conform to the current year's presentation.

3. PROPERTY AND EQUIPMENT

	Cost $	Accumulated Amortization $	**October 31, 2007** Net Book Value $	**April 30, 2007** Net Book Value $
Computer equipment	5,541	3,464	2,077	2,443

4. MINERAL PROPERTIES

	El Tigre Peru $	**Las Sorpresas** Peru $	**Pamel** Peru $	**Santa Cruz** Mexico $	**Total** $
Mineral properties, April 30, 2005	87,633	87,633	–	–	175,266
Acquisition costs capitalized during the year	–	–	16,800	–	16,800
Acquisition costs written-off during the year	(87,633	–	–	–	(87,633)
Mineral properties, April 30, 2006	–	87,633	16,800	–	104,433
Acquisition costs capitalized during the year	–	–	15,500	–	15,500
Acquisition costs written-off during the year	–	–	(32,300)	–	(32,300)
Mineral properties, April 30, 2007	–	87,633	–	–	87,633
Acquisition costs capitalized during the period	–	–	–	866,100	866,100
Mineral properties, October 31, 2007	–	87,633	–	866,100	953,733

4. MINERAL PROPERTIES (continued)

(a) El Tigre, Peru

Pursuant to an agreement dated February 20, 2004, the Company was granted an option by Candente Resource Inc. (“Candente”) to acquire a 51% undivided interest in certain mineral claims situated in Peru, known as the "El Tigre" property. In 2004, the Company paid US$15,000 and issued 250,000 shares at $0.27 per share and a further 200,000 shares were required to be issued in stages for the property. Under the agreement, the Company was required to incur US$2,500,000 in exploration and development expenditures before December 31, 2007. During the year ended April 30, 2006, the Company experienced unfavourable soil sampling results. Accordingly, the Company tested the property for impairment which resulted in an impairment charge of $87,633, which was recorded in the statement of operations in the year ended April 30, 2006. On May 29, 2007, the Company gave written notice to Candente of its decision to terminate the option on the El Tigre property effective June 30, 2007.

(b) Las Sorpresas, Peru

Pursuant to an agreement dated February 20, 2004, the Company was granted an option by Candente to acquire a 51% undivided interest in certain mineral claims situated in Peru, known as the "Las Sorpresas" property. In 2004, the Company paid US$15,000 and issued 250,000 shares at $0.27 per share and a further 200,000 shares were required to be issued in stages for the property. Under the agreement, the Company was required to incur US$2,500,000 in exploration and development expenditures before December 31, 2007. Exploration of the Las Sorpresas property was halted in 2005 due to certain social conditions, preventing the Company from meeting the original expenditure deadlines. Accordingly, Candente has agreed to defer the deadlines for expenditures and shares issuances indefinitely until six months after any exploration program has been commenced. The option agreement for the Las Sorpresas property was in good standing at October 31, 2007.

(c) Pamel, Peru

Pursuant to an agreement dated November 24, 2005, the Company was granted an option by Candente to acquire a 51% undivided interest in certain mineral claims situated in Peru, known as the "Pamel" property, for which the Company issued 60,000 shares at $0.28 per share on April 4, 2006, and 50,000 shares at $0.31 per share on June 1, 2007 to the optionors and was required to issue a further 200,000 shares in stages to May 31, 2010. Under the agreement, the Company was required to incur US$2,500,000 in exploration and development expenditures over a 5 year period. During the year ended April 30, 2007, the Company experienced unfavourable soil sampling results and on May 29, 2007, the Company gave written notice to Candente of its decision to terminate the option on the Pamel property effective June 30, 2007. Accordingly, an impairment charge of $32,300 was charged to operations in the year ended April 30, 2007. Included in the impairment charge was the value of 50,000 shares that were issuable to Candente as at April 30, 2007, pursuant to the terms of the option agreement. These shares were issued on June 1, 2007 and were valued at $15,500 based on the fair value on the date of issuance.

(d) Santa Cruz, Mexico

Pursuant to an agreement dated June 14, 2007, the Company was granted an option by Silverex S.A. de C.V. to acquire up to 75% interest in the Santa Cruz property in Durango, Mexico. Under the terms of the agreement, to earn an undivided 50% interest, the Company will issue 500,000 common shares and pay US $800,000 to Silverex upon the TSX Venture Exchange (the “Exchange”) acceptance of the agreement. After one year from the date of acceptance, based on the success of the exploration, the Company may issue an additional 500,000 common shares and pay an additional US $800,000. After the second anniversary, the Company may make an additional cash payment to bring the total value of cash payments and share issuances to US $4,000,000. In addition, the Company is required to incur a minimum of US $500,000 of expenditures on the property in each year from the acceptance date for a total period of four years. At any time during this initial four-year program period, the Company has the option to earn an additional undivided 25% interest, having met the above share issue and cash payment requirements, by issuing additional common shares having a deemed value of US $1,000,000 and pay an additional US $3,000,000. Upon earning an undivided 75% interest, Orex and Silverex will participate on a joint venture basis in further exploration and development of the Santa Cruz Property.

5. SHARE CAPITAL

(a) Authorized Share Capital

Unlimited number of common shares without par value

(b) Issued and Outstanding Share Capital

	Number of Shares	**Amount $**
Balance at April 30, 2006	12,930,000	3,145,035
Issued during the year		
For cash:		
Private placements, net of share issuance costs	17,400,000	2,475,910
Exercise of options	200,000	40,000
Exercise of warrants	435,000	153,000
For services:		
Finders' fees for private placements	1,158,420	389,067
Transferred from contributed surplus:		
Exercise of options	–	12,000
Exercise of warrants	–	8,991
Balance at April 30, 2007	32,123,420	6,224,003
Issued during the year		
For cash:		
Private placements, net of share issuance costs	8,000,000	726,468
Exercise of warrants	210,500	54,850
For services:		
Finders' fees for private placements	397,500	125,200
For property:		
Issued for Pamel property	50,000	15,500
Transferred from contributed surplus:		
Exercise of warrants	–	20,701
Balance at October 31, 2007	40,781,420	7,166,722

(i) On June 6, 2006, the Company issued 9,000,000 units at $0.15 per unit for gross proceeds of $1,350,000 under a non-brokered private placement. Each unit consisted of one common share and one half of one share purchase warrant. Each whole share purchase warrant entitles the holder thereof to purchase one additional common share for 24 months from the date of closing at a price of $0.20 per common share. Values of $1,050,300 and $299,700 were assigned to the common shares and warrants, respectively, based on their relative fair values at the closing date of the private placements. In connection with the private placement, the Company issued 611,100 units as a commission with terms similar to those issued under the private placement. Values of $128,331 and $36,666 were assigned to the common shares and warrants, respectively, based on their fair values at the closing date of the private placements. The Company incurred other cash share issuance costs of $13,684. The fair values of the warrants issued in connection with this private placement were computed using the Black-Scholes option-pricing model.

5. SHARE CAPITAL (continued)

(b) Issued and Outstanding Share Capital (continued)

(ii) On September 25, 2006, the Company issued 4,000,000 units at $0.25 per unit for gross proceeds of $1,000,000 under a non-brokered private placement. Each unit consisted of one common share and one half of one share purchase warrant. Each whole share purchase warrant entitles the holder thereof to purchase one additional common share for 18 months from the date of closing at a price of $0.30 per common share. Values of $762,000 and $238,000 were assigned to the common shares and warrants, respectively, based on their relative fair values at the closing date of the private placements. In connection with the private placement, the Company issued 260,120 units as a commission with terms similar to those issued under the private placement. Values of $130,060 and $40,579 were assigned to the common shares and warrants, respectively, based on their fair values at the closing date of the private placements. The Company incurred other cash share issuance costs of $12,240. The fair values of the warrants issued in connection with this private placement were computed using the Black-Scholes option-pricing model.

(iii) On November 3, 2006, the Company issued 4,400,000 units at $0.35 per unit for gross proceeds of $1,540,000 under a non-brokered private placement. Each unit consisted of one common share and one half of one share purchase warrant. Each whole share purchase warrant entitles the holder thereof to purchase one additional common share for 18 months from the date of closing at a price of $0.50 per common share. Values of $1,246,960 and $293,040 were assigned to the common shares and warrants, respectively, based on their relative fair values at the closing date of the private placements. In connection with the private placement, the Company issued 287,200 units as a commission with terms similar to those issued under the private placement. Values of $130,676 and $30,730 were assigned to the common shares and warrants, respectively, based on their fair values at the closing date of the private placements. The Company paid cash commissions of $7,280 and incurred other cash share issuance costs of $53,104. The fair values of the warrants issued in connection with this private placement were computed using the Black-Scholes option-pricing model.

(iv) On June 4, 2007, the Company issued 8,000,000 units at $0.15 per unit for gross proceeds of $1,200,000 under a non-brokered private placement. Each unit consisted of one common share and one half of one share purchase warrant. Each whole share purchase warrant entitles the holder thereof to purchase one additional common share for 24 months from the date of closing at a price of $0.20 per common share. Values of $906,500 and $293,500 were assigned to the common shares and warrants, respectively, based on their relative fair values at the closing date of the private placements. In connection with the private placement, the Company issued 397,500 units as a commission with terms similar to those issued under the private placement. Values of $125,200 and $40,500 were assigned to the common shares and warrants, respectively, based on their fair values at the closing date of the private placements. The Company incurred other cash share issuance costs of $14,332. The fair values of the warrants issued in connection with this private placement were computed using the Black-Scholes option-pricing model.

5. SHARE CAPITAL (continued)

(c) Stock Options

The Company has a plan to grant stock options to directors, officers, employees and consultants of the Company. Under the plan, the board of directors has the discretion to issue the equivalent of up to 10% of the issued and outstanding shares of the Company from time to time. Stock options are generally for a term of up to five years from the date granted and are exercisable at a price that is not less than the market price on the date granted. Vesting terms are determined at the discretion of the board of directors.

Stock option activity since April 30, 2006 is presented below:

	Number of Shares	Weighted Average Exercise Price $
Outstanding, April 30, 2006	1,287,000	0.32
Granted	1,430,000	0.43
Exercised	(200,000)	0.20
Expired	(25,000)	0.40
Outstanding, April 30, 2007	2,492,000	0.39
Granted	1,565,000	0.27
Outstanding, October 31, 2007	4,057,000	0.34

Stock options outstanding at October 31, 2007 expire between April 19, 2008 and September 27, 2012.

The following table summarizes the stock options outstanding at October 31, 2007:

Number of Common Shares Issuable	Exercise Price	Expiry Date
25,000	$0.23	April 19, 2008
150,000	$0.21	March 27, 2008
584,000	$0.40	June 7, 2009
100,000	$0.33	November 2, 2009
111,000	$0.30	March 23, 2010
92,000	$0.25	May 6, 2010
1,205,000	$0.43	September 11, 2011
25,000	$0.44	November 1, 2011
200,000	$0.43	November 6, 2011
25,000	$0.35	May 9, 2012
1,540,000	$0.27	September 27, 2012
4,057,000		

5. SHARE CAPITAL (continued)

(d) Warrants

Warrant activity since April 30, 2006 is presented below:

	Number of Shares	Weighted Average Exercise Price $
Outstanding, April 30, 2006	3,280,000	0.42
Issued	9,279,210	0.30
Exercised	(435,000)	0.35
Expired	(2,980,000)	0.42
Outstanding, April 30, 2007	9,144,210	0.30
Issued	4,198,750	0.20
Exercised	(210,500)	0.26
Outstanding, October 31, 2007	13,132,460	0.27

Warrants outstanding at October 31, 2007 expire between March 25, 2008 and June 4, 2009.

The following table summarizes the warrants outstanding at October 31, 2007:

Number of Common Shares Issuable	Exercise Price	Expiry Date
4,587,550	$0.20	June 6, 2008
2,002,560	$0.30	March 25, 2008
2,343,600	$0.50	May 3, 2008
4,198,750	$0.20	June 4, 2009
13,132,460		

6. CONTRIBUTED SURPLUS

	Amount $
Balance at April 30, 2006	148,180
Stock-based compensation recorded during the year	430,214
Fair value of warrants issued for services	107,975
Relative fair value of warrants issued for cash in private placements	830,740
Transferred to share capital upon exercise of stock options	(12,000)
Transferred to share capital upon exercise of warrants	(8,991)
Balance at April 30, 2007	1,496,118
Stock-based compensation recorded during the period	170,676
Fair value of warrants issued for services	40,500
Relative fair value of warrants issued for cash in private placements	293,500
Transferred to share capital upon exercise of warrants	(20,701)
Balance at October 31, 2007	1,980,093

7. EXPLORATION EXPENDITURES

	El Tigre Peru $	Las Sorpresas Peru $	Pamel Peru $	Santa Cruz Mexico $	Total $
YEAR TO DATE					
Drilling	–	–	–	–	–
Geophysical	–	–	–	–	–
Geochemical	–	–	–	511	511
Geological	–	–	–	43,277	43,277
Assay	–	–	–	1,430	1,430
Site costs	–	–	–	316,493	316,493
General exploration	–	–	–	10,598	10,598
Total expenditures for the period	–	–	–	372,309	372,309
TOTAL TO DATE					
Drilling	–	–	436,948	–	436,948
Geophysical	131,703	131,703	104,226	–	350,906
Geochemical	69,303	69,303	175,202	511	302,823
Geological	95,054	95,054	185,230	43,277	505,094
Assay	–	–	–	1,430	1,430
Site costs	–	–	–	316,493	316,493
General exploration	33,448	33,448	464,023	10,598	556,689
Total expenditures to date	329,508	402,937	1,365,629	372,309	2,470,383

8. STOCK-BASED COMPENSATION

During the six months ended October 31, 2007, the Company granted 1,565,000 stock options to directors, officers and consultants of the Company. The weighted average fair values of options granted are calculated using the Black-Scholes option-pricing model. The weighted average fair value of options granted since April 30, 2006 were calculated at the date of each grant using the following assumptions:

	Six months Ended October 31, 2007	Year Ended April 30, 2007
Expected option lives	5 years	5 years
Risk-free interest rate	4.26%	4.00%
Expected dividend yield	0%	0%
Expected stock price volatility	97%	93%

During the six months ended October 31, 2007, the Company recognized $170,676 (2007 - $84,350) of compensation cost which has been recorded in stock-based compensation expense.

9. LOSS PER SHARE

The weighted average number of shares outstanding used in the computation of loss per share was 38,972,738 (2007 – 21,505,516). Outstanding share options and warrants have not been considered in the computation of diluted loss per share as the result is anti-dilutive.

10. RELATED PARTY BALANCES AND TRANSACTIONS

(a) Due to Related Parties

There were no amounts due to related parties at April 30, 2007 or October 31, 2007 for management fees.

(b) Related Party Transactions

During the six months ended October 31, 2007, the Company incurred management fees of $80,500 (2007 – $71,500) to companies controlled by officers of the Company. These transactions have been in the normal course of operations and are recorded at their exchange amounts, which is the consideration agreed upon by the related parties.

11. CHANGES IN ACCOUNTING POLICIES (INCLUDING INITIAL ADOPTION)

a) Comprehensive Income

CICA Handbook Section 1530, “Comprehensive Income” provides standards for the reporting and presentation of comprehensive income. Comprehensive income is the change in shareholders’ equity, which results from transactions and events from sources other than the Company’s shareholders. Other comprehensive income refers to items recognized in comprehensive income that are excluded from net income calculated in accordance with generally accepted accounting principles. The Company reports comprehensive income and its components, net of tax in the Statement of Operations and Deficit.

b) Financial Instruments

(i) Fair value of financial instruments

CICA Handbook Section 3855, “Financial Instruments – Recognition and Measurement” prescribes when a financial asset, financial liability or non-financial derivative shall be recognized on the balance sheet and the measurement of such amount. Under this new standard, all financial instruments will be classified as one of the following: held-to-maturity, held-for-trading or available-for-sale. Financial assets held-for-trading will be measured at fair value with gains and losses recognized in net income. Financial assets held-to-maturity, loans and receivables and financial liabilities other than those held-for-trading, will be measured at amortized cost. Available-for-sale instruments will be measured at fair value with unrealized gains and losses recognized in other comprehensive income.

The Company has designated the following classifications:

- Cash and cash equivalents are classified as “financial assets held-to-maturity.”
- Short-term investments are classified as “financial assets held-to-maturity.”
- Accounts receivable and exploration advances are classified as “loans and receivables.”
- Accounts payable and accrued liabilities are classified as “other financial liabilities.” After their initial fair value measurement, they are measured at amortized cost using the effective interest rate method. For the Company, the measured amount generally corresponds to cost.

These new standards are to be applied without restatement of prior period amounts. The adoption of this policy did not result in any change in net income for the current period.

11. CHANGES IN ACCOUNTING POLICIES (INCLUDING INITIAL ADOPTION) (continued)

(ii) Concentrations of business risk

The Company maintains all of its cash and cash equivalents and short-term investments with a major Canadian financial institution. Deposits held with this institution may exceed the amount of insurance provided on such deposits.

As the Company operates in an international environment, some of the Company's transactions are denominated in currencies other than the Canadian dollar. Fluctuations in the exchange rates between these currencies and the Canadian dollar could have a material effect on the Company's business, financial condition and results of operations.

c) Hedges

CICA Handbook Section 3865, "Hedges" provides alternative reporting and presentation treatments to Handbook Section 3855 for entities which choose to designate qualifying transactions as hedges for accounting purposes. The Company does not currently have any hedging relationships thus the adoption of this section did not have a material effect on the Company's reported financial position or results of operations.

12. SUBSEQUENT EVENTS

a) On November 5, 2007, the Company issued 500,000 common shares valued at $245,000 to Silverex S.A. de C.V. pursuant to the terms of the agreement for the Santa Cruz property.

b) In November 2007, the Company signed a loan agreement to provide US $500,000 to Silverex to reinstate the existing mill on the property to operating condition. Silverex provided the full mill facility as security for the loan. The loan provisions require that all net proceeds from the mill be paid to the Company to repay the loan, after which, the Company and Silverex will share operating net proceeds equally.

c) From November 1, 2007 to December 19, 2007, the Company issued 564,500 common shares pursuant to the exercise of warrants for gross proceeds of $127,500.