OREX MINERALS INC. (FORMERLY OREX VENTURES INC.)
(An Exploration Stage Company)
CONSOLIDATED BALANCE SHEETS
AS AT JANUARY 31, 2008 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

	January 31, 2008 $ (Unaudited)	April 30, 2007 $ (Audited)
ASSETS		
CURRENT ASSETS		
Cash and cash equivalents	861,335	167,092
Short-term investments	-	1,800,000
Receivables	32,351	42,456
Exploration advances	22,784	3,890
	916,470	2,013,438
EQUIPMENT	1,894	2,443
SECURED LOAN	500,000	-
MINERAL PROPERTIES	1,198,733	87,633
	2,617,097	2,103,514
LIABILITIES		
CURRENT LIABILITIES		
Accounts payable and accrued liabilities	25,599	109,796
SHAREHOLDERS' EQUITY		
SHARE CAPITAL	7,750,140	6,224,003
SHARES ISSUABLE	-	15,500
CONTRIBUTED SURPLUS	1,969,950	1,496,118
DEFICIT	(7,128,592)	(5,741,902)
	2,591,498	1,993,719
	2,617,097	2,103,514

COMMITMENTS (Note 15)
SUBSEQUENT EVENTS (Note 16)

Approved on behalf of the board of directors:

"Gary Cope" Director

"Ross Wilmot" Director

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

OREX MINERALS INC. (FORMERLY OREX VENTURES INC.)
(An Exploration Stage Company)
CONSOLIDATED STATEMENTS OF OPERATIONS, COMPREHENSIVE LOSS AND DEFICIT
FOR THE THREE AND NINE MONTHS ENDED JANUARY 31, 2008 AND 2007
(Expressed in Canadian Dollars)
(UNAUDITED)

	Three months ended January 31,		Nine months ended January 31,	
	2008 $	2007 $	2008 $	2007 $
EXLORATION EXPENSES (Schedule 1)				
Driling	-	277,785	-	361,177
Geophysical	-	-	-	129,097
Geochemical	-	22,422	-	72,649
Geological	28,555	30,358	71,832	198,501
Assay	157	-	2,099	-
Site costs	264,260	-	580,753	-
General exploration	390	303,701	10,988	365,491
	293,362	634,266	665,672	1,126,915
GENERAL EXPENSES				
Amortization	183	262	549	786
Bank charges and interest	476	190	1,632	828
Consulting fees	15,000	23,491	50,660	75,419
Insurance	-	1,333	2,330	3,883
Investor relations	23,645	24,484	81,077	62,683
Management fees	41,100	35,500	121,600	107,000
Office and administrative	10,916	12,933	34,933	36,540
Professional fees	5,000	6,300	64,629	31,486
Rent	18,390	12,000	54,120	32,000
Repairs and maintenance	-	2,212	5,266	3,671
Stock-based compensation	77,125	107,975	247,801	192,325
Transfer agent and filing fees	2,999	11,696	22,475	38,341
Travel and entertainment	1,038	39,501	71,926	61,832
	195,872	277,877	758,998	646,794
LOSS BEFORE OTHER ITEMS	(489,234)	(912,143)	(1,424,670)	(1,773,709)
OTHER ITEMS				
Foreign exchange gain (loss)	7,781	1,790	(5,366)	2,939
Interest income	4,916	11,735	43,346	18,852
NET LOSS AND COMPREHENSIVE LOSS FOR THE PERIOD	(476,537)	(898,618)	(1,386,690)	(1,751,918)
DEFICIT - BEGINNING OF PERIOD	(6,652,055)	(4,283,910)	(5,741,902)	(3,430,610)
DEFICIT - END OF PERIOD	(7,128,592)	(5,182,528)	(7,128,592)	(5,182,528)
BASIC AND DILUTED LOSS PER SHARE	(0.01)	(0.02)	(0.03)	(0.07)

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

OREX MINERALS INC. (FORMERLY OREX VENTURES INC.)
(An Exploration Stage Company)
CONSOLIDATED STATEMENTS OF CASH FLOWS
FOR THE THREE AND NINE MONTHS ENDED JANUARY 31, 2008 AND 2007
(Expressed in Canadian Dollars)
(UNAUDITED)

	Three months ended January 31,		Nine months ended January 31,	
	2008	2007	2008	2007
	$	$	$	$
CASH AND CASH EQUIVALENTS FROM (USED IN):				
OPERATING ACTIVITIES				
Net loss for the period	(476,537)	(898,618)	(1,386,690)	(1,751,918)
Items not involving cash				
Amortization	183	262	549	786
Stock-based compensation expense	77,125	107,975	247,801	192,325
	(399,229)	(790,381)	(1,138,340)	(1,558,807)
Change in operating assets and liabilities:				
Receivables	32,601	(6,155)	10,107	3,930
Exploration advances	61,968	615,894	(18,894)	119,272
Accounts payable and accrued liabilities	18,859	(33,241)	(84,198)	(9,898)
	(285,801)	(213,883)	(1,231,325)	(1,445,503)
INVESTING ACTIVITIES				
Acquisition of mineral property	-	-	(866,100)	-
Secured loan	(500,000)	-	(500,000)	-
Redemption of short-term investments	1,200,000	-	1,800,000	-
	700,000	-	433,900	-
FINANCING ACTIVITIES				
Proceeds from common shares issued, net of share issue costs	251,150	1,250,680	1,198,168	3,211,328
Proceeds from warrants issued in private placements	-	293,040	293,500	830,740
Receipt of share subscriptions	-	-	-	(619,500)
	251,150	1,543,720	1,491,668	3,422,568
INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	665,349	1,329,837	694,243	1,977,065
CASH AND CASH EQUIVALENTS - BEGINNING OF PERIOD	195,986	804,613	167,092	157,385
CASH AND CASH EQUIVALENTS - END OF PERIOD	861,335	2,134,450	861,335	2,134,450

SUPPLEMENTAL CASH FLOW INFORMATION (Note 11)

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

SCHEDULE 1

OREX MINERALS INC. (FORMERLY OREX VENTURES INC.)
(An Exploration Stage Company)
CONSOLIDATED STATEMENT OF PROPERTY ACQUISITION AND EXPLORATION EXPENDITURES
FOR THE NINE MONTHS ENDED JANUARY 31, 2008
(Expressed in Canadian Dollars)
(UNAUDITED)

PROPERTY ACQUISITION COSTS	**EL TIGRE**	**LAS SORPRESAS**	**PAMEL**	**SANTA CRUZ**	**TOTAL**
Balance, April 30, 2007	$ -	$ 87,633	$ -	$ -	$ 87,633
Additions in the period:	-	-	-	1,111,100	1,111,100
Balance, January 31, 2008	$ -	$ 87,633	$ -	$ 1,111,100	$ 1,198,733

YEAR-TO-DATE EXPLORATION EXPENDITURES	**EL TIGRE**	**LAS SORPRESAS**	**PAMEL**	**SANTA CRUZ**	**TOTAL**
Drilling	$ -	$ -	$ -	$ -	$ -
Geophysical	-	-	-	-	-
Geochemical	-	-	-	-	-
Geological	-	-	-	71,832	71,832
Assay	-	-	-	2,099	2,099
Site costs	-	-	-	580,753	580,753
General exploration	-	-	-	10,988	10,988
Total expenditures for the period	$ -	$ -	$ -	$ 665,672	$ 665,672

TOTAL EXPLORATION EXPENDITURES TO DATE	**EL TIGRE**	**LAS SORPRESAS**	**PAMEL**	**SANTA CRUZ**	**TOTAL**
Drilling	$ -	$ -	$ 436,948	$ -	$ 436,948
Geophysical	131,703	114,977	104,226	-	350,906
Geochemical	69,303	57,807	175,202	-	302,312
Geological	95,054	181,533	185,230	71,832	533,649
Assay	-	-	-	2,099	2,099
Site costs	-	-	-	580,753	580,753
General exploration	33,448	48,620	464,023	10,988	557,079
Total expenditures to date	$ 329,508	$ 402,937	$ 1,365,629	$ 665,672	$ 2,763,746

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 January 31, 2008, the Company had working capital of $890,871, and accumulated losses of $7,128,592 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 consolidated 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 consolidated financial statements are prepared by management in accordance with generally accepted accounting principles in Canada and include the accounts of the Company and its wholly-owned Mexican subsidiary, OVI Exploration de Mexico S.A. de C.V., which was incorporated on August 21, 2007. All significant inter-company balances and transactions have been eliminated upon consolidation.

These consolidated financial statements have been prepared following the same accounting policies and methods of computation as the audited 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 consolidated 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 generally accepted accounting principles in Canada 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 useful lives of property and equipment, 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 fair market value.

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

(e) Property and Equipment

Property and equipment is recorded at cost less accumulated amortization. Amortization is recognized on the declining balance basis at the rate of 30% per annum

(f) 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.

(g) Translation of Foreign Currencies and Subsidiary

The Company's functional currency is the Canadian dollar and the functional currency of the Company's wholly-owned Mexican subsidiary is the Mexican Peso. Transactions in foreign currencies are translated into the functional currencies of the Company and its subsidiary at the exchange rates in effect on the transaction date. Monetary assets and liabilities expressed in foreign currencies are translated into the functional currencies of the Company and its subsidiary at the exchange rates in effect at the balance sheet date. The resulting exchange gains and losses are recognized in income. Non-monetary assets, liabilities and items recorded in income arising from transactions denominated in foreign currencies are translated at rates of exchange in effect at the date of the transaction.

The accounts of the Company's integrated foreign operations in Mexico are translated using the temporal method of translation. Under this method, monetary assets and liabilities denominated in foreign currencies are translated into Canadian dollars at exchange rates in effect at the balance sheet date and non-monetary assets and liabilities are translated at exchange rates prevailing at the transaction dates. Revenue and expense items are translated at the exchange rates prevailing at the date of the transaction except for amortization, which is translated at the exchange rates applicable to the related property and equipment. Exchange gains and losses on translation are included in the determination of loss for the year.

(h) Earnings / Loss per Share

Basic earnings / loss per share is computed by dividing net 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.

(i) Long-Lived Assets

The carrying value of long-lived assets, which includes property and equipment and mineral properties, is assessed when an event occurs indicating impairment. Carrying value is assessed using 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 is not recoverable and exceeds fair value. At that time the carrying amount is written down to fair value.

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

(j) 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, calculated using the Black-Scholes option-pricing model, is recognized as stock-based compensation expense over the vesting period and credited to contributed surplus. The Company estimates the fair value of each grant. Consideration paid on the exercise of stock options is recorded as share capital.

(k) 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 declining balance 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 January 31, 2008, the Company has not incurred any asset retirement obligations related to the exploration of its mineral properties.

(l) 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.

(m) Comparative Figures

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

3. ADOPTION OF NEW ACCOUNTING STANDARDS AND DEVELOPMENTS

(a) Accounting Changes

Effective May 1, 2007, the Company adopted the revised CICA 1506, "Accounting Changes", which requires that: (i) a voluntary change in accounting principles can be made if, and only if, the changes result in more reliable and relevant information, (ii) changes in accounting policies are accompanied with disclosures of prior period amounts and justification for the change, and (iii) for changes in estimates, the nature and amount of the change should be disclosed. The Company has not made any voluntary change in accounting principles since the adoption of the revised standard.

3. ADOPTION OF NEW ACCOUNTING STANDARDS AND DEVELOPMENTS (continued)

(b) Financial Instruments

Effective May 1, 2007, the Company adopted three new accounting standards and related amendments to other standards on financial instruments issued by the CICA. Prior periods have not been restated.

(i) CICA 3855, "Financial Instruments – Recognition and Measurement"

This standard prescribes when a financial asset, financial liability, or non-financial derivative is to be recognized on the balance sheet and whether fair value or cost-based methods are used to measure the recorded amounts. It also specifies how financial instrument gains and losses are to be presented. Effective May 1, 2007, the Company's cash equivalents have been classified as held-for-trading and are recorded at fair value on the balance sheet. Fair values are determined directly by reference to published price quotations in an active market. Changes in the fair value of these instruments are reflected in foreign exchange gain/loss in the statement of operations. All other financial instruments are recorded at cost or amortized cost, subject to impairment reviews. The criteria for assessing an other than temporary impairment remain unchanged. Transaction costs incurred to acquire financial instruments are included in the underlying balance. Regular-way purchases and sales of financial assets are accounted for on the trade date.

(ii) CICA 3865, "Hedges"

This standard is applicable when a company chooses to designate a hedging relationship for accounting purposes. It builds on the previous AcG–13, "Hedging Relationships", and CICA 1650, "Foreign Currency Translation", by specifying how hedge accounting is applied and what disclosures are necessary when it is applied. The Company had no hedging relationships as at May 1, 2007. There was no impact on the Company's financial statements upon adoption of this standard.

(iii) CICA 1530, "Comprehensive Income"

This standard requires the presentation of a statement of comprehensive income and its components. Comprehensive income includes both net earnings and other comprehensive income. Other comprehensive income includes holding gains and losses on available for sale investments, gains and losses on certain derivative instruments and foreign currency gains and losses relating to self-sustaining foreign operations, all of which are not included in the calculation of net earnings until realized. During the nine months ended January 31, 2008, there were no items classified as other comprehensive income.

(c) Financial Instruments – Disclosures and Presentation

The Company will adopt two new accounting standards on financial instruments issued by the CICA commencing with its interim and annual financial statements for the fiscal year ending April 30, 2009.

(i) CICA 3862, "Financial Instruments – Disclosures"

This standard relates to the disclosure of financial instruments. It applies to interim and annual financial statements for fiscal years beginning on or after October 1, 2007. Early adoption is permitted. CICA 3863, "Financial Instruments – Presentation" must be adopted at the same time, replacing CICA 3861, "Financial Instruments – Disclosure and Presentation".

(ii) CICA 3863, "Financial Instruments – Presentation"

This standard relates to the presentation of financial instruments. It applies to interim and annual financial statements for fiscal years beginning on or after October 1, 2007. Early adoption is permitted. CICA 3862, "Financial Instruments – Presentation" must be adopted at the same time, replacing CICA 3861, "Financial Instruments – Disclosure and Presentation".

(Expressed in Canadian Dollars)

3. ADOPTION OF NEW ACCOUNTING STANDARDS AND DEVELOPMENTS (continued)

(d) CICA 1535, “Capital Disclosures”

This standard relates to the disclosure of capital management strategies. It applies to interim and annual financial statements for fiscal years beginning on or after October 1, 2007. Early adoption is permitted. The Company will adopt the standard commencing with its interim and annual financial statements for the fiscal year ending April 30, 2009.

(e) CICA 3064, “Goodwill and Intangible Assets” and amended CICA 1000, “Financial Statement Concepts”

These standards clarify the criteria for the recognition of assets, intangible assets and internally developed intangible assets. They apply to interim and annual financial statements for fiscal years beginning on or after October 1, 2008. Early adoption is permitted. The Company will adopt these standards commencing for its interim and annual financial statements for the fiscal year ending April 30, 2010.

(f) International Financial Reporting Standards

In February 2008, the Canadian Accounting Standards Board (“AcSB’) confirmed the date for the mandatory changeover from existing Canadian GAAP to International Financial Reporting Standards (“IFRS”). The change is to take effect for financial years beginning on or after January 1, 2011. The Company continues to monitor and assess the impact that IFRS will have on its financial statements.

4. PROPERTY AND EQUIPMENT

	Cost $	Accumulated Amortization $	**October 31, 2007** Net Book Value $	**April 30, 2007** Net Book Value $
Computer equipment	5,541	3,647	1,894	2,443

5. SECURED LOAN

In November 2007, the Company signed a loan agreement to provide US $500,000 to Silverex S.A de C.V. to reinstate the existing mill on the Santa Cruz property (Note 6(d)) to operating condition. Silverex provided the full mill facility as security for the loan. The loan provisions require that all net cash 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.

(Expressed in Canadian Dollars)

6. 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	–	–	–	1,111,100	1,111,100
Mineral properties, January 31, 2008	–	87,633	–	1,111,100	1,198,733

(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. 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. 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 share 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 January 31, 2008.

6. MINERAL PROPERTIES (continued)

(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. To date, the Company has issued 500,000 shares, valued at $245,000, and paid US $800,000 to Silverex thus maintaining the Santa Cruz property agreement in good standing at January 31, 2008

(Expressed in Canadian Dollars)

7. 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	1,380,000	306,000
For services:		
Finders' fees for private placements	397,500	125,200
For property:		
Issued for Pamel property	50,000	15,500
Issued for Santa Cruz property	500,000	245,000
Transferred from contributed surplus:		
Exercise of warrants	–	107,969
Balance at January 31, 2008	42,450,920	7,750,140

(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.

7. 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.

(Expressed in Canadian Dollars)

7. 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, January 31, 2008	4,057,000	0.34

Stock options outstanding at January 31, 2008 expire between March 27, 2008 and September 27, 2012.

The following table summarizes the stock options outstanding at January 31, 2008:

Number of Common Shares Issuable	**Exercise Price**	**Expiry Date**
150,000	$0.21	March 27, 2008
25,000	$0.23	April 19, 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		

(Expressed in Canadian Dollars)

7. 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	(1,380,000)	0.22
Outstanding, January 31, 2008	11,962,960	0.27

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

The following table summarizes the warrants outstanding at January 31, 2008:

Number of Common Shares Issuable	Exercise Price	Expiry Date
1,830,060	$0.30	March 25, 2008
2,343,600	$0.50	May 3, 2008
3,640,550	$0.20	June 6, 2008
4,148,750	$0.20	June 4, 2009
11,962,960		

8. CAPITAL MANAGEMENT

The Company defines capital as shareholders' equity excluding contributed surplus. The board of directors does not establish quantitative return on capital criteria for management due to the nature of the Company's business. The Company is not subject to any externally imposed capital requirements.

(Expressed in Canadian Dollars)

9. 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	247,801
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	(107,969)
Balance at January 31, 2008	1,969,950

10. STOCK-BASED COMPENSATION

During the nine months ended January 31, 2008, 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:

	Nine months Ended January 31, 2008	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 nine months ended January 31, 2008, the Company recognized $247,801 (2007 - $192,325) of compensation cost which has been recorded in stock-based compensation expense.

11. SUPPLEMENTAL CASH FLOW INFORMATION

	January 31, 2008 $	April 30, 2007 $
Cash and cash equivalents consist of:		
Bank deposits	861,335	167,092

	Nine months ended January 31, 2008 $	2007 $
Cash paid for:		
Interest	–	–
Income taxes	–	–
Non-cash financing and investing activities:		
Common shares issued for share issuance costs	125,200	257,215
Common shares issued for mineral properties	260,500	–

12. LOSS PER SHARE

The weighted average number of shares outstanding used in the computation of loss per share was 39,919,681 (2007 – 24,941,889). Outstanding stock options and warrants have not been considered in the computation of diluted loss per share as the result is anti-dilutive.

13. RELATED PARTY BALANCES AND TRANSACTIONS

(a) Due to Related Parties

At January 31, 2008, a company controlled by an officer of the Company was owed $12,500 for management fees and reimbursable travel expenses. At April 30, 2007 there were no amounts due to related parties for management fees and reimbursable travel expenses.

(b) Related Party Transactions

During the nine months ended January 31, 2008, the Company incurred management fees of $121,600 (2007 – $107,000) 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.

14. FINANCIAL INSTRUMENTS

(a) Fair Value of Financial Instruments

The Company has various financial instruments including cash and cash equivalents, short-term investments, receivables, exploration advances, and accounts payable and accrued liabilities. The carrying values of these financial instruments approximate their fair values due to the near-term maturity of these financial instruments.

(b) Concentrations of Business Risk

The Company maintains 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.

15. COMMITMENTS

Pursuant to the terms of the option agreements for the Las Sorpresas and Santa Cruz properties, the Company is committed to incurring exploration expenditures on the properties within the time periods specified in the agreements. See Notes 6(b) and (d) for details.

16. SUBSEQUENT EVENTS

From February 1, 2008 to March 28, 2008, the Company issued 1,360,000 common shares pursuant to the exercise of options and warrants for gross proceeds of $377,000.