OREX MINERALS INC.
(formerly Orex Ventures Inc.)

CONSOLIDATED FINANCIAL STATEMENTS

APRIL 30, 2008

DAVIDSON & COMPANY LLP Chartered Accountants A Partnership of Incorporated Professionals

AUDITORS' REPORT

To the Shareholders of
Orex Minerals Inc.
(formerly Orex Ventures Inc.)

We have audited the consolidated balance sheet of Orex Minerals Inc. (formerly Orex Ventures Inc.) as at April 30, 2008 and the consolidated statements of operations, comprehensive loss and deficit and cash flows for the year then ended. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.

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

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

The audited financial statements at April 30, 2007 and for the year then ended were examined by other auditors who expressed an opinion without reservation on those statements in their report dated August 3, 2007.

Davidson & Company LLP

Vancouver, Canada

Chartered Accountants

August 18, 2008

NEXIA INTERNATIONAL

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OREX MINERALS INC.
(formerly Orex Ventures Inc.)
CONSOLIDATED BALANCE SHEETS
AS AT APRIL 30

	2008	2007
ASSETS		
Current		
Cash	$ 705,887	$ 167,092
Short term investments	-	1,800,000
Receivables	60,175	42,456
Prepaid expenses	130,684	3,890
	896,746	2,013,438
Equipment (Note 3)	1,711	2,443
Mineral properties (Note 4)	1,617,850	87,633
	$ 2,516,307	$ 2,103,514
LIABILITIES AND SHAREHODLERS' EQUITY		
Current		
Accounts payable and accrued liabilities	$ 102,253	$ 109,795
Shareholders' equity		
Share capital (Note 5)	8,615,455	6,224,003
Commitment to issue shares (Note 5)	-	15,500
Contributed surplus (Note 5)	1,574,510	1,496,118
Deficit	(7,775,911)	(5,741,902)
	2,414,054	1,993,719
	$ 2,516,307	$ 2,103,514

Nature and continuance of operations (Note 1)
Subsequent events (Note 11)

On behalf of the Board:

"Gary Cope" Director *"Rick Sayers"* Director

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

OREX MINERALS INC.
(formerly Orex Ventures Inc.)
CONSOLIDATED STATEMENTS OF OPERATIONS, COMPREHENSIVE LOSS AND DEFICIT
YEAR ENDED APRIL 30

	2008	2007
EXLORATION EXPENSES		
Drilling	$ -	$ 436,948
Geophysical	-	129,097
Geochemical	-	83,461
Geological	132,247	241,935
Assay	2,099	-
Site costs	794,857	-
General exploration	95,034	441,351
	1,024,237	1,332,792
GENERAL EXPENSES		
Amortization	732	1,048
Consulting fees	65,660	98,909
Investor relations	112,871	92,697
Management fees	162,700	143,900
Office and administrative	66,104	59,502
Professional fees	65,327	20,569
Rent	72,510	44,000
Stock-based compensation (Note 5)	324,926	430,214
Transfer agent and filing fees	32,895	22,834
Travel and entertainment	63,015	71,035
	966,740	984,708
Loss before other items	(1,990,977)	(2,317,500)
OTHER ITEMS		
Write-off of mineral properties (Note 4)	(87,633)	(32,300)
Foreign exchange gain (loss)	(2,069)	709
Interest income	46,670	37,799
Loss and comprehensive loss for the year	(2,034,009)	(2,311,292)
Deficit, beginning of year	(5,741,902)	(3,430,610)
Deficit, end of year	$ (7,775,911)	$ (5,741,902)
Basic and diluted loss per common share	$ (0.05)	$ (0.09)
Weighted average number of common shares outstanding	40,727,531	26,758,000

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

OREX MINERALS INC.
(formerly Orex Ventures Inc.)
CONSOLIDATED STATEMENTS OF CASH FLOWS
YEAR ENDED APRIL 30

	2008	2007
CASH FLOWS FROM OPERATING ACTIVITIES		
Net loss for the year	$ (2,034,009)	$ (2,311,292)
Items not affecting cash:		
Amortization	732	1,048
Write-off of mineral properties	87,633	32,300
Stock-based compensation	324,926	430,214
Changes in non-cash working capital items:		
Increase in receivables	(17,719)	(18,777)
(Increase) decrease in prepaid expenses	(126,794)	206,329
Increase (decrease) in accounts payable and accrued liabilities	(7,542)	92,693
Net cash flows used in operating activities	(1,772,773)	(1,567,485)
CASH FLOWS FROM INVESTING ACTIVITIES		
Acquisition of mineral property	(866,100)	-
Advances on mineral property equipment	(506,750)	-
Purchase of short-term investments	-	(1,800,000)
Redemption of short-term investments	1,800,000	-
Net cash provided by (used in) investing activities	427,150	(1,800,000)
CASH FLOWS FROM FINANCING ACTIVITIES		
Issuance of share capital	1,898,750	3,463,500
Share issue costs	(14,332)	(86,308)
Net cash provided by financing activities	1,884,418	3,377,192
Increase in cash during the year	538,795	9,707
Cash, beginning of year	167,092	157,385
Cash, end of year	$ 705,887	$ 167,092

Supplemental disclosure with respect to cash flows (Note 6)

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

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 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.

These financial statements have been prepared in accordance with Canadian generally accepted accounting principles on a going concern basis that presumes the realization of assets and discharge of liabilities in the normal course of business for the foreseeable future. The Company has incurred losses from inception and does not currently have the financial resources to sustain operations in the long-term. The Company's ability to continue as a going concern is dependent upon its ability to attain future profitable operations and to obtain the necessary financing to meet its obligations and repay its liabilities arising from normal business operations when they come due. These financial statements do not include any adjustments to the amounts and classification of assets and liabilities that might be necessary should the Company not be able to continue as a going concern.

2. SIGNIFICANT ACCOUNTING POLICIES

Principles of consolidation

These consolidated financial statements include the accounts of the Company and its wholly-owned 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.

Use of estimates

The preparation of consolidated financial statements in accordance with Canadian generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, and the disclosure of contingent assets and liabilities at the date of the financial statements and revenues and expenses during the year. Significant accounts that require estimates relate to the impairment of mineral properties, the useful lives of equipment, the utilization of future income tax assets, the valuation of asset retirement obligations, warrants in private placements and stock-based compensation. Actual results may differ from these estimates.

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.

Equipment

Computer equipment is recorded at cost and is amortized on a declining balance basis at 30% per annum.

2. SIGNIFICANT ACCOUNTING POLICIES (cont'd…)

Mineral properties

All costs related to the acquisition of mineral property interests are capitalized by property. Exploration and development costs are expensed as incurred. The development costs are capitalized once a mineral property is determined to be economically viable. Capitalized costs of the related property are then reclassified as mining assets and amortized using the unit of production method. When a property is abandoned, all related costs are written off to operations. If, after management review, it is determined that the carrying amount of a mineral property is impaired, that property is written down to its estimated net realizable value. Management reviews the carrying value of mineral properties regularly for possible impairment. Impairment is also considered whenever events or changes in circumstances indicate that a mineral property's carrying amount may not be recoverable.

Foreign currency translation

The Company's subsidiary is an integrated foreign operation and is translated into Canadian dollars using the temporal method. Monetary items are translated at the exchange rate in effect at the balance sheet date and non-monetary items are translated at historical exchange rates. Income and expense items are translated at rates approximating those in effect at the time of the transaction. Translation gains and losses are reflected in loss for the year.

Stock-based compensation

The Company uses the fair value method whereby the Company recognizes compensation costs over the vesting period for the granting of all stock options and direct awards of stock. Any consideration paid by the option holders to purchase shares is credited to share capital.

Asset retirement obligation

An asset retirement obligation is a legal obligation associated with the retirement of tangible long-lived assets that the Company is required to settle. The Company recognizes the fair value of a liability for an asset retirement obligation in the year in which it is incurred when a reasonable estimate of fair value can be made. The carrying amount of the related long-lived asset is increased by the same amount as the liability. The amount added to the long-lived asset will be amortized in the same manner as the related asset. The Company has determined that it has no asset retirement obligations.

Loss per share

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

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

2. SIGNIFICANT ACCOUNTING POLICIES (cont'd…)

Income taxes

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

Comparative figures

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

Financial instruments

Effective May 1, 2007, the Company adopted the new recommendations of the Canadian Institute of Chartered Accountants ("CICA") under CICA Handbook Section 1530 "Comprehensive Income" ("Section 1530"), Section 3251 "Equity", Section 3855 "Financial Instruments – Recognition and Measurement" ("Section 3855"), Section 3861 "Financial Instruments – Disclosure and Presentation" and Section 3865 "Hedges". These new sections provide requirements for the recognition and measurement of financial instruments and on the use of hedge accounting. Section 1530 establishes standards for reporting and presenting comprehensive income which is defined as the change in equity from transactions and other events from non-owner sources. Other comprehensive income refers to items recognized in comprehensive income but that are excluded from net income calculated in accordance with Canadian generally accepted accounting principles.

Under Section 3855, all financial instruments are classified into one of five categories: held-for-trading, held-to-maturity investments, loans and receivables, available-for-sale financial assets or other financial liabilities. All financial instruments and derivatives are measured in the balance sheet at fair value except for loans and receivables, held-to maturity investments and other financial liabilities which are measured at amortized cost. Subsequent measurement and changes in fair value will depend on their initial classification as follows: (1) held-for-trading financial assets are measured at fair value and changes in fair value are recognized in net income; (2) available-for-sale financial instruments are measured at fair value with changes in fair value recorded in other comprehensive income until the instrument is derecognized or impaired; and (3) all derivative instruments, including embedded derivatives, are recorded in the balance sheet at fair value unless they qualify for the normal sale normal purchase exemption and changes in their fair value are recorded in income unless cash flow hedge accounting is used, in which case changes in fair value are recorded in other comprehensive income.

As a result of the adoption of these new standards, the Company has classified its cash as held-for-trading. Receivables are classified as loans and receivables. Accounts payable and accrued liabilities are classified as other financial liabilities which are measured at amortized cost.

There were no transitional adjustments as a result of the application of the financial instrument accounting policies.

2. SIGNIFICANT ACCOUNTING POLICIES (cont'd…)

Recent accounting pronouncements

The CICA has issued new standards which may affect the financial disclosures and results of operations of the Company for interim and annual periods beginning May 1, 2008. The Company will adopt the applicable requirements commencing in the interim period ended July 31, 2008 and is currently considering the impact this will have on the Company's financial statements.

Section 1400 – Assessing going concern

This Section was amended to include requirements for management to assess and disclose an entity's ability to continue as a going concern.

Section 1535 – Capital disclosures

This Section establishes standards for disclosing information about an entity's capital and how it is managed. Under this standard the Company will be required to disclose the following, based on the information provided internally to the entity's key management personnel:

(i) qualitative information about its objectives, policies and processes for managing capital,

(ii) summary quantitative data about what it manages as capital.

(iii) whether during the period it complied with any externally imposed capital requirements to which it is subject.

(iv) when the company has not complied with such externally imposed capital requirements, the consequences of such non-compliance.

Section 3862 – Financial instruments – disclosures

This Section requires entities to provide disclosure of quantitative and qualitative information in their financial statements that enable users to evaluate (a) the significance of financial instruments for the entity's financial position and performance; and (b) the nature and extent of risks arising from financial instruments to which the entity is exposed during the period and at the balance sheet date, and management's objectives, policies and procedures for managing such risks. Entities will be required to disclose the measurement basis or bases used, and the criteria used to determine classification for different types of instruments.

The Section requires specific disclosures to be made, including the criteria for:

(i) designating financial assets and liabilities as held for trading;

(ii) designating financial assets as available-for-sale; and

(iii) determining when impairment is recorded against the related financial asset or when an allowance account is used.

2. SIGNIFICANT ACCOUNTING POLICIES (cont'd…)

Recent accounting pronouncements (cont'd…)

Section 3863 – Financial instruments - presentation

This Section was issued to enhance financial statement users' understanding of the significance of financial instruments to an entity's financial position, performance and cash flows. This section establishes standards for presentation of financial instruments and non-financial derivatives. It deals with the classification of financial instruments, from the perspective of the issuer, between liabilities and equity, the classification of related interest, dividends, losses and gains, and the circumstances in which financial assets and financial liabilities are offset.

International financial reporting standards ("IFRS")

In 2006, the Canadian Accounting Standards Board ("AcSB") published a new strategic plan that will significantly affect financial reporting requirements for Canadian companies. The AcSB strategic plan outlines the convergence of Canadian GAAP with IFRS over an expected five year transitional period. In February 2008, the AcSB announced that 2011 is the changeover date for publicly-listed companies to use IFRS, replacing Canada's own GAAP. The date is for interim and annual financial statements relating to fiscal years beginning on or after January 1, 2011. The transition date of May 1, 2011 will require the restatement for comparative purposes of amounts reported by the Company for the year ended April 30, 2011. While the Company has begun assessing the adoption of IFRS for 2011, the financial reporting impact of the transition to IFRS cannot be reasonably estimated at this time.

3. EQUIPMENT

	2008			2007		
	Cost	Accumulated Amortization	Net Book Value	Cost	Accumulated Amortization	Net Book Value
Computer equipment	$ 5,541	$ 3,830	$ 1,711	$ 5,541	$ 3,098	$ 2,443

4. MINERAL PROPERTIES

	Las Sorpresas, Peru	Pamel, Peru	Santa Cruz, Mexico	Total
Balance, as at, April 30, 2006	$ 87,633	$ 16,800	$ -	$ 104,433
Acquisition costs	-	15,500	-	15,500
Write-off	-	(32,300)	-	(32,300)
Balance, as at April 30, 2007	87,633	-	-	87,633
Acquisition costs	-	-	1,111,100	1,111,100
Write-off	(87,633)	-	-	(87,633)
Advances on equipment	-	-	506,750	506,750
Balance, as at April 30, 2008	$ -	$ -	$ 1,617,850	$ 1,617,850

Title to mineral properties involves certain inherent risks due to the difficulties of determining the validity of certain claims as well as the potential for problems arising from the frequently ambiguous conveyance history characteristic of many mineral properties. The Company has investigated title to all of its mineral properties and, to the best of its knowledge, title to all of its properties is in good standing.

Las Sorpresas, Peru

Pursuant to an agreement dated February 20, 2004, the Company was granted an option to acquire a 51% undivided interest in certain mineral claims situated in Peru, known as the "Las Sorpresas" property. In fiscal 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. Subsequent to April 30, 2008, the Company decided not to continue with exploration, consequently mineral property costs of $87,633 were written-off during fiscal 2008.

Pamel, Peru

Pursuant to an agreement dated November 24, 2005, the Company was granted an option 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. During fiscal 2007, the Company experienced unfavourable soil sampling results and consequently terminated the option. Accordingly, an impairment charge of $32,300 was charged to operations during fiscal 2007. Included in the impairment charge was $15,500 being the value of 50,000 shares that were issuable as at April 30, 2007, pursuant to the terms of the option agreement. These shares were issued during fiscal 2008 and were reported as a commitment to issue shares as at April 30, 2007.

4. MINERAL PROPERTIES (cont'd…)

Santa Cruz, Mexico

The Company was granted an option to acquire up to a 75% interest in the Santa Cruz property in Durango, Mexico pursuant to which the Company issued 500,000 common shares valued at $245,000 and paid $866,100 during fiscal 2008. To acquire an initial 50% interest, the Company is required to issue an additional 500,000 common shares and pay US$800,000 by November 1, 2008 and make an additional cash payment by November 1, 2009 to bring the value of cash payments and share issuances to total US$4,000,000. The Company is also required to incur annual exploration expenditures of US$500,000 for a total period of four years to November 1, 2011. To acquire an additional 25% interest, the Company is required to pay US$1,500,000 and issue common shares valued at US$500,000 by November 1, 2010 and pay US$1,500,000 and issue common shares valued at US$500,000 by November 1, 2011, to bring the total value of cash payments and share issuances to US$4,000,000, subject to regulatory approval.

Should the Company not meet the conditions to earn the additional 25% interest in the property, the optionor will have the option to reacquire the 50% interest in the property, if earned, for the greater of US$4,000,000 or the Company's costs incurred to the date of the exercise. Should any mining operations be conducted on the property, the Company will receive 50% of all profits and the property is subject to a 2% net smelter returns royalty. The Company has incurred exploration expenditures totaling $943,596 to April 30, 2008.

Advances on equipment

Pursuant to the option agreement, the Company advanced $506,750 (US$500,000) to the optionor to be used for the refurbishment of equipment and machinery on the property.

5. SHARE CAPITAL AND CONTRIBUTED SURPLUS

	Number of Shares	Share Capital	Contributed Surplus
Authorized			
Unlimited number of common shares without par value			
Balance at April 30, 2006	12,930,000	$ 3,145,035	$ 148,180
Private placements	17,400,000	3,059,260	830,740
Finders Fees	1,158,420	389,067	107,975
Options exercised	200,000	52,000	(12,000)
Warrants exercised	435,000	161,991	(8,991)
Share issuance costs	-	(583,350)	-
Stock-based compensation	-	-	430,214

- Continued -

5. SHARE CAPITAL AND CONTRIBUTED SURPLUS (cont'd…)

	Number of Shares		Share Capital		Contributed Surplus
Continued…					
Balance at April 30, 2007	32,123,420		6,224,003		1,496,118
Private placements	8,000,000		1,200,000		-
Finders Fees	397,500		59,625		-
Mineral properties	550,000		260,500		-
Options exercised	175,000		48,000		(10,750)
Warrants exercised	2,640,000		897,284		(235,784)
Stock-based compensation	-		-		324,926
Share issuance costs	-		(73,957)		-
Balance at April 30, 2008	43,885,920	$	8,615,455	$	1,574,510

Private placements

During fiscal 2007:

a) 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. Cash proceeds of $619,500 were received during fiscal 2006.

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

Private placements (cont'd…)

b) 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.

c) 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.

During fiscal 2008:

a) 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. The full value of $1,200,000 was assigned to the common shares based on their fair values at the closing date of the private placements. In connection with the private placement, the Company issued 397,500 units valued at $59,625 as a commission with terms similar to those issued under the private placement. The Company incurred cash share issuance costs of $14,332 on the private placement.

Stock options and warrants

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.

5. SHARE CAPITAL AND CONTRIBUTED SURPLUS (cont'd…)

Stock options and warrants (cont'd...)

Stock option and share purchase warrant transactions are summarized as follows:

	Warrants		Stock options	
	Number	Weighted Average Exercise Price	Number	Weighted Average Exercise Price
Outstanding, April 30, 2006	3,280,000	$ 0.42	1,287,000	$ 0.32
Granted	9,279,210	0.30	1,430,000	0.43
Exercised	(435,000)	0.35	(200,000)	0.20
Expired	(2,980,000)	0.42	(25,000)	0.40
Outstanding, April 30, 2007	9,144,210	0.30	2,492,000	0.39
Granted	4,198,750	0.20	1,565,000	0.27
Exercised	(2,640,000)	0.25	(175,000)	0.21
Expired	(795,060)	0.30	-	-
Outstanding, April 30, 2008	9,907,900	$ 0.27	3,882,000	$ 0.35
Number currently exercisable	9,907,900	$ 0.27	3,497,000	$ 0.36

The following options and warrants to acquire common shares of the Company were outstanding at April 30, 2008:

	Number of Shares	Exercise Price	Expiry Date
Options			
	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
Warrants			
	2,343,600	0.50	May 3, 2008 (1)
	3,515,550	0.20	June 6, 2008 (2)
	4,048,750	0.20	June 4, 2009

(1) Subsequently expired unexercised
(2) Subsequently 10,000 expired unexercised

5. SHARE CAPITAL AND CONTRIBUTED SURPLUS (cont'd…)

Stock-based compensation

During fiscal 2008, the Company granted 1,565,000 (2007 – 1,430,000) 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 per option was $0.20.

	2008	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	95%	93%

During fiscal 2008, the Company recognized $324,926 (2007 - $430,214) of compensation cost which has been recorded in stock-based compensation expense. Included in the stock based compensation costs for fiscal 2007 was an incremental value of $40,900 as a result of the extension of the expiry date of certain stock options.

6. SUPPLEMENTAL DISCLOSURE WITH RESPECT TO CASH FLOWS

	2008	2007
Cash paid during the year for interest	$ -	$ -
Cash paid during the year for income taxes	$ -	$ -

Significant non-cash transactions during fiscal 2008 included:

a) Issuing 550,000 common shares valued at $260,500 pursuant to the acquisition of mineral properties.

b) Issuing 397,500 units at a value of $59,625 as finder's fees for a private placement.

Significant non-cash transactions during fiscal 2007 included:

a) Issuing 1,158,420 units valued at $497,042 as finders' fees on private placements.

b) Recording a commitment to issue shares of $15,500 pursuant to the acquisition of mineral properties.

7. INCOME TAXES

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

	2008	2007
Loss before income taxes	$ (2,034,009)	$ (2,311,292)
Income tax (recovery) at statutory rates	$ 676,232	$ 785,839
Stock based compensation	(108,028)	(146,273)
Mineral property expenses	(369,663)	(381,815)
Other items	4,433	10,059
Unrecognized benefit of net operating losses	(202,974)	(267,810)
	$ -	$ -

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

	2008	2007
Future income tax assets		
Non-capital loss carryforwards	$ 915,000	$ 859,000
Share issuance costs	17,000	138,000
Equipment	1,000	1,000
Mineral properties	588,000	758,000
	1,521,000	1,756,000
Less valuation allowance	(1,521,000)	(1,756,000)
Net future income tax assets	$ -	$ -

The Company has available for deduction against future taxable income non-capital losses of approximately $ in Canada. These losses, if not utilized, will expire up to 2028. Future tax benefits which may arise as a result of non-capital losses and share issuance costs have not been recognized in these financial statements and have been offset by a valuation allowance.

8. RELATED PARTY TRANSACTIONS

The Company entered into the following transactions with related parties:

a) Paid or accrued management fees of $162,700 (2007 - $143,900) to companies controlled by officers of the Company.

8. RELATED PARTY TRANSACTIONS (cont'd...)

b) Paid or accrued rent of $72,510 (2007 - $44,000) to a company with common directors.

c) Paid or accrued fees of $11,290 (2007 - $7,713) to companies controlled by directors. These amounts were included in exploration expenditures.

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.

9. FINANCIAL INSTRUMENTS

a) Fair value of financial instruments

The Company has various financial instruments including cash, short-term investments, receivables, 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 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.

10. SEGMENTED INFORMATION

The Company’s one reportable operating segment is the acquisition and exploration of mineral properties. Geographic information is as follows:

	2008	2007
Mineral properties and equipment		
Canada	$ 1,711	$ 2,443
Peru	-	87,633
Mexico	1,617,850	-
	$ 1,619,561	$ 90,076

11. SUBSEQUENT EVENTS

Subsequent to April 30, 2008, the Company:

a) Issued 3,505,550 common shares for proceeds of $701,110 pursuant to the exercise of warrants.

b) Granted incentive stock options to purchase 200,000 common shares exercisable at $0.26 expiring June 17, 2013.