OREX MINERALS INC.
(An Exploration Stage Company)
CONSOLIDATED BALANCE SHEETS
AS AT JANUARY 31, 2010 AND APRIL 30, 2009
(Expressed in Canadian Dollars)
(UNAUDITED)

NOTICE OF NO AUDIT REVIEW OF INTERIM FINANCIAL STATEMENTS
In accordance with National Instrument 51-102 released by the Canadian Securities Administrators, the Company discloses that its auditors have not reviewed the unaudited interim financial statements for the period ended January 31, 2010.

	January 31, 2010 (Unaudited)	April 30, 2009
ASSETS		
Current assets		
Cash	$ 1,674,552	$ 510,362
Receivables	111,755	41,045
Prepaid expenses	124,926	16,747
	1,911,233	568,154
Equipment (Note 3)	929	1,199
Mineral Properties (Note 4)	2,095,450	2,095,450
	$ 4,007,612	$ 2,664,803
LIABILITIES AND SHAREHOLDERS' EQUITY		
Current liabilities		
Accounts payable and accrued liabilities	$ 214,727	$ 305,903
Shareholders' equity		
Share capital (Note 5)	14,945,495	11,172,203
Subscriptions received in advance (Note 5)	-	485,000
Contributed surplus (Note 5)	1,617,059	1,516,443
Deficit	(12,769,669)	(10,814,746)
	3,792,885	2,358,900
	$ 4,007,612	$ 2,664,803

Nature and continuance of operations (Note 1)

Approved on behalf of the Board of Directors:

/s/ Gary Cope Director
Gary Cope

/s/ Rick Sayers Director
Rick Sayers

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

OREX MINERALS INC.
(An Exploration Stage Company)
CONSOLIDATED STATEMENTS OF OPERATIONS, COMPREHENSIVE LOSS AND DEFICIT
FOR THE THREE AND NINE MONTHS ENDED JANUARY 31, 2010 AND 2009
(Expressed in Canadian Dollars)
(UNAUDITED)

	Three months ended January 31, 2010	Three months ended January 31, 2009	Nine months ended January 31, 2010	Nine months ended January 31, 2009
EXPLORATION EXPENSES (Schedule 1)				
Drilling	$ -	$ -	$ 318,867	$ -
Geological	91,119	102,798	316,529	231,224
Assay	66,813	22,757	135,514	31,874
Site costs	-	302,051	259,999	1,085,977
General exploration	75,590	35,240	193,502	56,728
	233,522	462,846	1,224,411	1,405,803
GENERAL EXPENSES				
Amortization	90	128	270	384
Bank charges and interest	695	1,046	2,446	3,552
Consulting fees	15,000	15,000	45,000	45,000
Investor relations	67,364	1,950	223,013	65,383
Management fees	41,000	42,300	125,400	127,300
Office and miscellaneous	26,060	17,090	58,995	58,391
Professional fees	14,691	1,000	59,998	87,325
Rent	18,000	18,390	58,650	55,170
Stock-based compensation (Note 5)	3,806	37,775	100,616	106,685
Transfer agent and filing fees	8,319	818	20,967	12,144
Travel and entertainment	34,467	5,913	64,737	60,357
	229,492	141,410	760,092	621,691
Loss before other items	(463,014)	(604,256)	(1,984,503)	(2,027,494)
OTHER ITEMS				
Foreign exchange gain (loss)	6,188	963	29,550	(15,450)
Interest income	-	98	30	2,473
Loss and comprehensive loss for the period	(456,826)	(603,195)	(1,954,923)	(2,040,471)
Deficit, beginning of period	(12,312,843)	(9,213,187)	(10,814,746)	(7,775,911)
Deficit, end of period	$ (12,769,669)	$ (9,816,382)	$ (12,769,669)	$ (9,816,382)
Basic and diluted loss per common share	$ (0.00)	$ (0.01)	$ (0.02)	$ (0.04)
Weighted average number of common shares outstanding	101,548,212	47,636,035	81,415,921	47,081,266

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

OREX MINERALS INC.
(An Exploration Stage Company)
CONSOLIDATED STATEMENTS OF CASH FLOWS
FOR THE THREE AND NINE MONTHS ENDED JANUARY 31, 2010 AND 2009
(Expressed in Canadian Dollars)
(UNAUDITED)

	Three months ended January 31, 2010	Three months ended January 31, 2009	Nine months ended January 31, 2010	Nine months ended January 31, 2009
CASH FLOWS FROM OPERATING ACTIVITIES				
Net loss for the period	$ (456,826)	$ (603,195)	$ (1,954,923)	$ (2,040,471)
Items not involving cash				
Amortization	90	128	270	384
Stock-based compensation expense	3,806	37,775	100,616	106,685
Change in operating assets and liabilities:				
Receivables	(34,839)	(5,614)	(70,710)	37,360
Prepaid expenses	(19,577)	30,812	(108,179)	130,684
Accounts payable and accrued liabilities	(33,945)	151,587	(91,176)	285,100
Net cash flows used in operating activities	(541,291)	(388,507)	(2,124,102)	(1,480,258)
CASH FLOWS FROM INVESTING ACTIVITIES				
Acquisition of mineral property	-	-	-	(452,600)
Net cash provided by investing activities	-	-	-	(452,600)
CASH FLOWS FROM FINANCING ACTIVITIES				
Subscriptions received in advance	-	130,000	(485,000)	538,000
Issuance of share capital	2,081	-	3,817,081	701,110
Share issue costs	-	-	(43,789)	-
Net cash provided by financing activities	2,081	130,000	3,288,292	1,239,110
Change in cash and cash equivalents during the period	(539,210)	(258,507)	1,164,190	(693,748)
Cash and cash equivalents, beginning of period	2,213,762	270,646	510,362	705,887
Cash and cash equivalents, end of period	$ 1,674,552	$ 12,139	$ 1,674,552	$ 12,139

Supplemental disclosure with respect to cash flows (Note 7)

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

SCHEDULE 1

OREX MINERALS INC.
(An Exploration Stage Company)
CONSOLIDATED STATEMENT OF PROPERTY ACQUISITION AND EXPLORATION EXPENDITURES
FOR THE NINE MONTHS ENDED JANUARY 31, 2010
(Expressed in Canadian Dollars)
(UNAUDITED)

PROPERTY ACQUISITION COSTS	SANTA CRUZ, MEXICO	CONETO, MEXICO	OTHER PROPERTIES	TOTAL
Balance, April 30, 2009 and January 31, 2010	$ 2,095,450	$ -	$ -	$ 2,095,450

YEAR-TO-DATE EXPLORATION EXPENDITURES	SANTA CRUZ, MEXICO	CONETO, MEXICO	OTHER PROPERTIES	TOTAL
Drilling	$ 318,867	$ -	$ -	$ 318,867
Geological	68,242	236,387	11,900	316,529
Assay	67,446	68,068	-	135,514
Site costs	259,999	-	-	259,999
General exploration	30,858	162,644	-	193,502
Total expenditures for the period	$ 745,412	$ 467,099	$ 11,900	$ 1,224,411

TOTAL EXPLORATION EXPENDITURES TO DATE	SANTA CRUZ, MEXICO	CONETO, MEXICO	OTHER PROPERTIES	TOTAL
Drilling	$ 392,261	$ -	$ -	$ 392,261
Geological	537,450	236,387	11,900	785,737
Assay	105,199	68,068	-	173,267
Site costs	2,635,271	-	-	2,635,271
General exploration	138,426	162,644	-	301,070
Total expenditures to date	$ 3,808,607	$ 467,099	$ 11,900	$ 4,287,606

1. NATURE AND CONTINUANCE OF OPERATIONS

Orex Minerals 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 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. The amounts shown for mineral properties do not necessarily represent present or future values. The recoverability of the amounts shown for mineral properties is dependent upon the existence of economically recoverable reserves, the ability of the Company to obtain necessary financing to complete the development of those reserves and upon future profitable production.

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 has not met all the funding requirements on its Santa Cruz property (Note 4). The inability to raise additional financing and successfully renegotiate the option agreement may impact the future assessment of the Company as a going concern. 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 consolidated interim 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 interim 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.

These consolidated interim financial statements have been prepared following the same accounting policies and methods of computation as the audited consolidated financial statements for the fiscal year ended April 30, 2009, with the adoption of new accounting pronouncements as disclosed herein. These consolidated interim financial statements should be read in conjunction with the audited consolidated financial statements and the notes thereto for the year ended April 30, 2009.

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.

2. SIGNIFICANT ACCOUNTING POLICIES (cont'd…)

Equipment

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

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 the loss and comprehensive loss for the period.

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 period 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 period. For the periods 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 period.

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 period 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.

Financial instruments

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.

Adoption of new accounting standards and developments

Effective May 1, 2009, the Company adopted the following standard of the CICA Handbook.

Goodwill and Intangible Assets

In February 2008, the CICA issued Section 3064, "Goodwill and Intangible Assets". Effective for fiscal years beginning on or after October 1, 2008, this section provides guidance on the recognition, measurement, presentation and disclosure for goodwill and intangible assets, other than the initial recognition of goodwill or intangible assets acquired in a business combination. Retroactive application to prior period financial statements will be required. The Company does not expect these changes to have an impact on its consolidated financial statements.

2. SIGNIFICANT ACCOUNTING POLICIES (cont'd…)

Future accounting pronouncements

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.

Business Combinations

In January 2009, the CICA issued Section 1582, "Business Combinations", Section 1601, "Consolidations", and Section 1602, "Non-Controlling Interests". These sections replace the former Section 1581, "Business Combinations", and Section 1600, "Consolidated Financial Statements", and establish a new section for accounting for a non-controlling interest in a subsidiary.

Sections 1582 and 1602 will require net assets, non-controlling interests and goodwill acquired in a business combination to be recorded at fair value and non-controlling interests will be reported as a component of equity. In addition, the definition of a business is expanded and is described as an integrated set of activities and assets that are capable of being managed to provide a return to investors or economic benefits to owners. Acquisition costs are not part of the consideration and are to be expensed when incurred. Section 1601 establishes standards for the preparation of consolidated financial statements.

These new sections apply to interim and annual consolidated financial statements relating to fiscal years beginning on or after January 1, 2011. Earlier adoption of these sections is permitted as of the beginning of a fiscal year. All three sections must be adopted concurrently. The Company is currently evaluating the impact of the adoption of these sections.

3. EQUIPMENT

	January 31, 2010			April 30, 2009		
	Cost	Accumulated Amortization	Net Book Value	Cost	Accumulated Amortization	Net Book Value
Computer equipment	$ 5,541	$ 4,612	$ 929	$ 5,541	$ 4,342	$ 1,199

4. MINERAL PROPERTIES

	Santa Cruz, Mexico
Balance, as at April 30, 2008	1,617,850
Acquisition costs	477,600
Balance, as at April 30, 2009 and January 31, 2010	$ 2,095,450

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.

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 from Silverex S.A. de C.V ("Silverex"). To acquire an initial 50% interest, the Company is required to issue 500,000 common shares and pay US$800,000 by November 1, 2007, issue an additional 500,000 common shares and pay an additional US$800,000 by November 1, 2008 and make an additional cash payment to bring the value of cash payments and share issuances to total US$4,000,000 by November 1, 2009. 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$8,000,000 for the entire 75% interest, 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.

Pursuant to the terms of the option agreement, during fiscal 2008, the Company issued 500,000 common shares valued at $245,000 and paid $866,100. During fiscal 2009, the Company issued 500,000 additional common shares valued at $25,000 and paid $452,600 (US$450,000) to Silverex. The Company did not complete the required payments under the option agreement and was required to make an additional US$350,000 payment prior to November 1, 2008. During fiscal 2010, Silverex and the Company entered into negotiations to amend the agreement in the best interests of both parties.

The Company has incurred exploration expenditures on Santa Cruz totaling $3,808,607 to January 31, 2010.

Advances on equipment

Pursuant to the option agreement, in fiscal 2008, the Company advanced $506,750 (US$500,000) to the optionor to be used for the refurbishment of equipment and machinery on the property.

Coneto, Mexico

On July 16, 2009, the Company signed a letter of intent to purchase 100% of the core mineral concessions within the Coneto silver-gold mining camp in Durango State, Mexico. The pending purchase agreement is subject to approval of the TSX Venture Exchange and will provide for a 100% transfer of the core mineral concessions in exchange for 11,000,000 common shares of the Company. The property is subject to a 2.5% NSR royalty payable to the vendors.

5. SHARE CAPITAL AND CONTRIBUTED SURPLUS

	Number of Shares	Share Capital	Contributed Surplus
Authorized:			
Unlimited number of common shares without par value			
Issued:			
Balance at April 30, 2008	43,885,920	$ 8,615,455	$ 1,574,510
Private placement	16,000,000	1,600,000	-
Finders Fees	1,200,000	120,000	-
Mineral properties	500,000	25,000	-
Warrants exercised	3,535,550	956,896	(249,786)
Stock-based compensation	-	-	191,719
Share issuance costs	-	(145,148)	-
Balance at April 30, 2009	65,121,470	11,172,203	1,516,443
Private placements	32,525,000	3,505,000	-
Finders Fees	2,439,375	262,875	-
Warrants exercised	1,563,875	312,081	-
Stock-based compensation	-	-	100,616
Share issuance costs	-	(306,664)	-
Balance at January 31, 2010	101,649,720	$ 14,945,495	$ 1,617,059

Private placements

On February 24, 2009, the Company issued 16,000,000 units at $0.10 per unit for gross proceeds of $1,600,000 under a non-brokered private placement. Each unit consisted of one common share and one share purchase warrant. Each 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 $0.15 per common share. The full value of $1,600,000 was assigned to the common shares based on their fair values at the closing date of the private placement. In connection with the private placement, the Company issued 1,200,000 units valued at $120,000 as a commission with terms similar to those issued under the private placement. The Company incurred cash share issuance costs of $25,148 on the private placement.

On June 22, 2009, the Company issued 2,525,000 units at $0.20 per unit for gross proceeds of $505,000 under a non-brokered private placement. Each unit consisted of one common share and one half of one non-transferable 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 $0.30 per common share. The full value of $505,000 was assigned to the common shares based on their fair values at the closing date of the private placement. In connection with the private placement, the Company issued 189,375 units valued at $37,875 as a commission with terms similar to those issued under the private placement. The Company incurred cash share issuance costs of $12,174 on the private placement. As at April 30, 2009, the Company had received share subscriptions of $485,000 toward this private placement.

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

Private placements (cont'd…)

On October 14, 2009, the Company issued 30,000,000 units at $0.10 per unit for gross proceeds of $3,000,000 under a non-brokered private placement. Each unit consisted of one common share and one half of one non-transferable 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 $0.15 per common share. The full value of $3,000,000 was assigned to the common shares based on their fair values at the closing date of the private placement. In connection with the private placement, the Company issued 2,250,000 units valued at $225,000 as a commission with terms similar to those issued under the private placement. The Company incurred cash share issuance costs of $31,615 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.

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, 2008	9,907,900	$ 0.27	3,882,000	$ 0.35
Granted	17,200,000	0.15	700,000	0.15
Exercised	(3,535,550)	0.20	-	-
Expired	(2,353,600)	0.50	-	-
Forfeited	-	-	(45,000)	0.39
Outstanding, April 30, 2009	21,218,750	$ 0.16	4,537,000	$ 0.22
Granted	17,482,187	0.16	650,000	0.14
Exercised	(1,563,875)	0.20	-	-
Expired	(2,468,750)	0.20	(50,000)	0.40
Outstanding, January 31, 2010	34,668,312	$ 0.16	5,137,000	$ 0.12
Number exercisable at January 31, 2010	34,668,312	$ 0.16	4,987,000	$ 0.12

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

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

The following options and warrants to acquire common shares of the Company were outstanding at January 31, 2010:

	Number of Shares	Exercise Price	Expiry Date
Options			
	524,000	$ 0.10	June 7, 2014 (1) (2) (3)
	100,000	0.10	June 7, 2014 (1) (3)
	111,000	0.10	March 23, 2010 (2)
	92,000	0.10	May 6, 2010 (2)
	1,055,000	0.10	September 11, 2011 (2) (3)
	150,000	0.43	September 11, 2011
	200,000	0.10	November 6, 2011 (2)
	25,000	0.10	May 9, 2012 (2)
	1,480,000	0.10	September 27, 2012 (2) (3)
	50,000	0.27	September 27, 2012
	200,000	0.10	June 17, 2013 (3)
	250,000	0.10	December 19, 2013
	250,000	0.11	January 30, 2011
	300,000	0.15	July 17, 2011
	350,000	0.14	October 5, 2014
Warrants			
	17,186,125	0.15	February 24, 2011
	1,357,187	0.30	June 22, 2011
	16,125,000	0.15	October 14, 2011

(1) During fiscal 2009 the expiry date of these options was extended from June 7, 2009 to June 7, 2014 resulting in additional stock-based compensation of $35,840.
(2) During fiscal 2009, a total of 1,817,000 options were repriced to $0.10 per share on January 7, 2009 resulting in additional stock-based compensation of $39,419.
(3) During fiscal 2010, a total of 1,970,000 options were repriced to $0.10 per share upon receiving disinterested shareholder approval at its annual general meeting on September 29, 2009, resulting in additional stock-based compensation of $52,125.

Stock-based compensation

During the nine months ended January 31, 2010, the Company granted 650,000 (2009 – 700,000) stock options to directors, officers or 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 $0.09 (2009 – $0.10)

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

Stock-based compensation (cont'd…)

	Nine months ended January 31, 2010	Nine months ended January 31, 2009
Expected option lives	3.6 years	5.0 years
Risk-free interest rate	1.79%	3.49%
Expected dividend yield	0%	0%
Expected stock price volatility	108%	98%

During the nine months ended January 31, 2010, the Company recognized $100,616 (2009 - $106,685) of compensation cost which has been recorded in stock-based compensation expense.

6. CAPITAL MANAGEMENT

The Company defines capital as cash and all components of shareholders' equity. The Company has no debt obligations. 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 does not pay dividends and is not subject to any externally imposed capital requirements.

The Company raises capital to fund its corporate and exploration costs through the sale of its common shares or units consisting of common shares and warrants in order to operate its business and safeguard its ability to continue as a going concern.

7. SUPPLEMENTAL DISCLOSURE WITH RESPECT TO CASH FLOWS

	Nine months ended January 31, 2010	Nine months ended January 31, 2009
Cash paid during the period for interest	$ -	$ -
Cash paid during the period for income taxes	$ -	$ -

Significant non-cash transactions during fiscal 2010 included:

a) Issuing 2,439,375 units at a value of $262,875 as finder's fees for private placements (Note 5).

Significant non-cash transactions during fiscal 2009 included:

a) Issuing 500,000 common shares valued at $25,000 pursuant to the acquisition of mineral properties (Note 4).

b) Issuing 1,200,000 units at a value of $120,000 as finder's fees for a private placement (Note 5).

8. RELATED PARTY TRANSACTIONS

During the nine months ended January 31, 2010, the Company entered into the following transactions with related parties:

a) Paid or accrued management fees of $125,400 (2009 - $127,300) to companies controlled by officers of the Company.

b) Paid or accrued rent of $58,650 (2009 - $55,170) and $6,000 (2009 - $nil) for other expenditures to a company with common directors.

c) Paid or accrued fees of $45,000 (2009 - $29,672) 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

Fair value of financial instruments

The Company has various financial instruments including cash, 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.

Concentrations of business risk

The Company maintains a majority of its cash with a major Canadian financial institution. The Company maintains the remainder of its cash with a major Mexican financial institution. Deposits held with these institutions 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. The Company does not engage in any hedging activity.

Credit risk

The Company is exposed to credit risk only with respect to uncertainties as to timing and amount of collectability of receivables. The Company believes its credit risk is low because its receivables are primarily comprised of input value-added tax (IVA) and goods and services tax (GST), which are recoverable from the governing body in Mexico and Canada respectively. As the Company's exploration operations are conducted solely in Mexico, the Company's operations are also subject to the economic risk associated with that country.

Liquidity risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due. The Company manages liquidity risk through the management of its capital structure (Note 6).

Accounts payable and accrued liabilities are due within the current operating period.

9. FINANCIAL INSTRUMENTS (cont'd…)

Foreign exchange risk

A significant portion of the Company's operational transactions are originally or effectively denominated in US dollars. As well, because the Company's primary operations are in Mexico, some costs are denominated in Mexican pesos. Accordingly, the results of the Company's operations and comprehensive loss as stated in Canadian dollars will be impacted by exchange rate fluctuations. The Company does not hedge its exposures to movements in the exchange rates at this time.

The Company's exposure to foreign currency risk is on its cash, receivables and accounts payable and accrued liabilities. At January 31, 2010, a hypothetical change of 10% in the foreign exchange rate between the Canadian dollar and US dollar would have a $14,000 effect on loss and comprehensive loss while a hypothetical change of 10% in the foreign exchange rate between the Canadian dollar and the Mexican Peso would have an $11,000 effect.

Interest rate risk

The Company has interest rate risk arising from its bank deposits. The Company does not engage in any hedging activity to reduce its exposure to interest rate risk. Based on bank deposit balances at January 31, 2010, a hypothetical change of 1% in the interest rate for the upcoming quarter would have a $4,000 effect on net loss and comprehensive loss.

Price risk

Mineral prices, in particular gold and silver, are volatile, and have fluctuated sharply in recent periods. The prices are subject to market supply and demand, political and economic factors, and commodity speculation, all of which can interact with one another to cause significant price movement from day to day and hour to hour. These price movements can affect the Company's ability to operate and to raise financing through the sale of its common shares.

10. SEGMENTED INFORMATION

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

	January 31, 2010	April 30, 2009
Mineral properties and equipment		
Canada	$ 929	$ 1,199
Mexico	2,095,450	2,095,450
	$ 2,096,379	$ 2,096,649

11. SUBSEQUENT EVENT

Between February 1, 2010 and March 5, 2010, pursuant to the exercise of warrants, the Company issued 40,000 common shares for gross proceeds of $6,000.