OREX MINERALS INC.
(An Exploration Stage Company)
ANNUAL REPORT TO SHAREHOLDERS
For the Year Ended April 30, 2013
(Expressed in Canadian Dollars)

MANAGEMENT DISCUSSION AND ANALYSIS
FOR THE YEARS ENDED APRIL 30, 2013

Dated: August 27, 2013

Management's Responsibility for Financial Reporting:

The accompanying annual financial report for the year ended April 30, 2013 has been prepared by management using accounting policies consistent with International Financial Reporting Standards ("IFRS"). Other information contained in this document has also been prepared by management and is consistent with the data contained in the annual financial report.

The Company's certifying officers, based on their knowledge, having exercised reasonable diligence, are also responsible to ensure that the annual financial report and annual MD&A (together the "annual filings") do not contain any untrue statement of a material fact or omit to state a material fact required to be stated or that is necessary to make a statement not misleading in light of the circumstances under which it was made, with respect to the period covered by these annual filings, and the annual financial report together with the other financial information included in these annual filings fairly present in all material respects the financial condition, financial performance and cash flows of the Company, as of the date of and for the periods presented in these annual filings.

The Board of Directors approves the annual financial report together with the other financial information included in the annual filings and ensures that management has discharged its financial responsibilities. The Board's review is accomplished principally through the Audit Committee, which meets periodically to review all annual filings prior to filing.

Certain statements in this report may constitute forward-looking statements that are subject to risks and uncertainties. A number of important factors could cause actual outcomes and results to differ materially from those expressed in these forward-looking statements. Consequently, readers should not place any undue reliance on such forward-looking statements. In addition, these forward-looking statements relate to the date on which they were made.

In particular, forward looking comments regarding the Company's plans and operations included in the "Description of Business" with respect to management's planned exploration and other activities, and in "Liquidity", "Commitments" and "Corporate Summary" regarding management's estimated ability to fund its projected costs of exploration work and general corporate costs of operations, and its ability to raise additional funding through placement of the Company's common shares are plans and estimates of management only, and actual results and outcomes could be materially different.

Description of Business:

The Company is engaged primarily in the acquisition and exploration of exploration and evaluation mineral properties.

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, in exchange for 2,200,000 common shares of the Company. The definitive purchase agreement, signed on September 1, 2009, was subject to the approval of the TSX Venture Exchange. After receiving TSX Venture Exchange approval, on April 15, 2010, the Company issued 2,200,000 shares to the vendors of the Coneto concessions, valued at $2,090,000. The Coneto Property is subject to a 2.5% NSR royalty payable to the vendors.

Located in the Mesa Central on the eastern flank of the Sierra Madre Occidental Mountains, Coneto is centrally positioned in the "Mexican Silver Trend". This silver trend, stretching from Guanajuato in the southeast, through the states of Zacatecas and Durango, hosts some of the world's largest silver deposits, including Real de Angeles, Zacatecas, Fresnillo, La Preciosa, and La Pitarilla mining camps.

Description of Business (continued):

CONETO, MEXICO (continued):

The Coneto mining camp has a history going back over 400 years. More than 40 epithermal silver-gold quartz veins have been documented in a window of exposed Tertiary Lower Volcanic andesites. Past underground production was achieved on three of the veins down to the watertable. Very little diamond drilling has been carried out within the property in spite of its long history of episodic production.

The Coneto mining camp historically consisted of approximately 3,300 hectares of claims. During 2010, the Company announced its successful applications to locate new mineral concessions called Lomas 3 and Lomas 4, which surround the historical claims. With the addition of these new mineral concessions, the total area of the Coneto Property increased to 16,346 hectares.

The initial work program on this property consisted of detailed structural geology mapping and geochemical sampling in the areas around Calaveras, Colemanito, Promontorio, Loma Verde, Durazno and Impulsora. This program was designed to guide a diamond drilling program. As of December 2009, regional geology mapping at 1:10,000 scale covered 35 sq km and detailed structural geology mapping at 1:500 scale covered 15 sq km. Forty-nine line-kilometres of geochemical sampling, both for soil and rock channel/chip/grab, total 1,794 samples. The Loma Verde, Promontorio and Impulsora sectors yielded multiple anomalous values for gold and silver.

The Phase-I drilling campaign of approximately 5,000 metres of HQ and NQ diameter core commenced in May 2010 and was performed by Major Drilling de Mexico, S.A. de C.V. utilizing a surface UDR-200 rig. A total of 21 holes were completed in the Loma Verde, Durazno, Promontorio, Impulsora, Estrella-Calaveras and Sauce-Palma areas. Over 2,000 drill core samples were submitted for analyses to SGS Mineral Services in Durango, Mexico. The assay results of the drilling campaign were announced by news releases on July 6, 2010, August 9, 2010 and November 1, 2010. Nine holes yielded high values for gold and silver, especially in the Loma Verde and Impulsora areas.

During fiscal 2011, the Company signed a non-binding letter of intent with Fresnillo PLC (“Fresnillo”) to jointly explore the contiguous mineral concessions held by the Company and Fresnillo in the Coneto mining district. A definitive Association Agreement was signed on February 2, 2012. The principal terms of the Association Agreement are:

(a) Fresnillo will spend a minimum of US$2,000,000 on exploration during the first year after the necessary exploration permits are obtained. A minimum of 70% of this exploration must be conducted on the Company’s concessions.

(b) Fresnillo will have the option to spend an additional US$2,000,000 per year on exploration for each of the following two years. A minimum of 70% of this exploration must also be conducted on the Company’s concessions.

(c) Upon Fresnillo spending an aggregate of US$6,000,000 on exploration activities, the Company and Fresnillo will each contribute their respective Coneto mining concessions to a new company (“NewCo”) that initially would be owned 55% by Fresnillo and 45% by the Company.

(d) Fresnillo will have the right to increase its ownership of NewCo to 70% by either completing a prefeasibility study or spending up to an additional US$21,000,000 in the process of preparing a prefeasibility study.

    If Fresnillo chooses to not exercise the right to increase its ownership of NewCo to 70%, the costs incurred to complete a prefeasibility study will be shared by Fresnillo and the Company in proportion to their ownership of NewCo; 55% by Fresnillo and 45% by the Company.

(e) Any additional funding required by NewCo will be provided by the Company and Fresnillo in proportion to their respective ownership interests in NewCo at that time.

(f) Fresnillo will have a right of first refusal to acquire the Company’s ownership interest in NewCo if the Company receives an offer for its interest in NewCo that it proposes to accept.

Description of Business (continued):

CONETO, MEXICO (continued):

(g) During the life of the Association Agreement, in the event that the Company, or any of its subsidiaries, enters into a transaction to acquire an interest in any additional mineral properties in Mexico and then later decides to sell or option out that interest to a third party, Fresnillo will have a right of first refusal to participate in such transaction on the same terms and conditions as offered to the third party.

In conjunction with entering the Association Agreement with Fresnillo, on February 8, 2012, the Company issued 2,500,000 units to Fresnillo at $0.80 per unit for gross proceeds of $2,000,000 under a non-brokered private placement. Each unit consisted of one common share and one half of one 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 $1.00 per common share.

A Phase-II diamond drilling program of approximately 12,000 metres commenced in late August 2012 and a second drill was added in October 2012. The contracted drilling company, Kluane Drilling Ltd., utilized modularized mobile drilling equipment that minimizes the need to construct roads on the property. The total cost for the Phase II drilling program, including pre-drilling geological and geophysical mapping, was $3.3 million, an amount which will was entirely funded by Fresnillo per the terms of the Association Agreement.

The results from the 31 diamond drill holes in the Loma Verde, Central Zone, Impulsora, Promontorio and La Bufa areas of the Phase-II program, which yielded high grade intercepts of gold and silver in the Loma Verde and La Bufa areas.

In fiscal 2013, a detailed surface trench channel sampling program was initiated on various mineralized structures at Coneto. Results for the Loma Verde, Santo Nino and Impulsora were announced in news releases dated July 10, 2013 and August 20, 2013.

Ben Whiting, P.Geo., is the Qualified Person, as defined in National Instrument 43-101, and takes responsibility for the technical disclosure in this report with regards to the Coneto Property.

BARSELE, SWEDEN:

On October 27, 2010, the Company signed a letter of intent with Barsele Guld A.B. (“Barsele Guld”), a wholly-owned subsidiary of Northland Resources S.A. (“Northland”) to purchase all of the issued and outstanding shares of two Swedish companies, Gunnarn Mining A.B. (“Gunnarn Mining”) and its wholly-owned subsidiary, Gunnarn Exploration A.B. (“Gunnarn Exploration”). The primary assets of Gunnarn Mining are mining claims for the Barsele Central, Avan, Skiråsen and Norra resource areas located in northern Sweden, collectively known as the Barsele Property.

The Company and Barsele Guld completed the final agreement on April 29, 2011 and as the initial consideration, the Company paid $1,958,230 (US$2,000,000) and issued 1,153,997 common shares valued at $1,015,517 to the vendor. The Company also issued 250,000 common shares valued at $220,000 as a finder’s fee. In addition, the Company agreed to make the following deferred consideration payments to Barsele Guld, in cash and issuances of common shares of the Company, with a total value on the acquisition date, after applying a 7.5% discount rate, of $4,428,940 (US$5,500,000, undiscounted):

(a) On the 1st anniversary of completing the final agreement, US$1,000,000 in cash plus the lesser of 1,000,000 common shares or the number of common shares valued at US$500,000 (on April 29, 2012, the Company paid $996,200 (US$1,000,000) and issued 852,764 common shares valued at $492,400 to Barsele Guld);

(b) On the 2nd anniversary of completing the final agreement, US$2,000,000 in cash.

Description of Business (continued):

BARSELE, SWEDEN (continued):

(c) On the 3rd anniversary of completing the final agreement, the lesser of 2,000,000 common shares or the number of common shares valued at US$1,000,000. If the value of the common shares issued is less than US$1,000,000, the balance shall be paid in cash;

(d) On the 4th anniversary of completing the final agreement, the lesser of 2,000,000 common shares or the number of common shares valued at US$1,000,000. If the value of the common shares issued is less than US$1,000,000, the balance shall be paid in cash.

In addition, the Company agreed to make direct exploration expenditures as follows:

(a) Before the 1st anniversary of completing the final agreement, US$1,000,000 of exploration expenditures (the Company fulfilled this requirement during fiscal 2012);

(b) Before the 2nd anniversary of completing the final agreement, an additional US$2,000,000 of exploration expenditures (the Company fulfilled this requirement during fiscal 2013).

Barsele Guld will retain a 2 per cent net smelter royalty on the Barsele Property, which the Company may purchase at any time for US$2,000,000 per percentage point, or a total of US$4,000,000.

The Barsele Property is located 40 km southeast of the town of Storuman in Västerbottens Län, a regional district of northern Sweden approximately 600 km due north of Stockholm. Exploration in the project area has been ongoing for more than 25 years. Since 1985, a total of 398 diamond drill holes (43,609 metres) have been drilled and in 2006, Northland completed a National Instrument 43-101 technical report which contained resource estimates of both indicated and inferred resources and was filed on SEDAR by Northland on April 13, 2006.

The Central-Avan-Skiråsen (CAS) Zone at Barsele contains most of the documented gold in the 2006 resource report with a grade similar to other gold deposits in the area. In the CAS Zone, gold mineralization is predominantly within a granodiorite that has been deformed, sheared and intruded by late stage quartz veins and ranges in width from 200 to 500 metres, with a strike-extent in excess of eight kilometres. The Central and Skiråsen Zones have a combined strike length of 1,350 metres and a width of 250 metres. The Avan Zone has a strike length of 1,400 metres and a width varying from 200 to 500 metres. Base metal content of this deposit is typically low.

The Norra Zone, a small massive sulphide deposit, contains the balance of the gold reported in the 2006 resource report although the overall grade for this deposit is higher than at the CAS Zone. In the Norra Zone, sulphide mineralization is exposed in two open trenches in the centre of the drilled zone. Based on drilling, the footprint of the main mineralized body at Norra is 300 metres in strike-length and 50 metres in width.

On February 28, 2011, the Company reported that an independently verified mineral resource estimate had been completed on the Barsele Property. A new estimate was also prepared at this time for the Norra volcanogenic massive sulphide deposit. On April 27, 2011, the Company filed a National Instrument 43-101 compliant technical report on SEDAR.

In May 2011, the Company initiated a 2,500 line-kilometre airborne geophysical survey of the Barsele Property, performed by SkyTEM Surveys ApS (“SkyTEM”) of Denmark. SkyTEM used a helicopter-borne Time-Domain Electromagnetic (TDEM) System which had a transmitter moment of 500,000 NIA to maximize the depth of penetration. The airborne survey yielded high resolution maps of the apparent resistivity/conductivity, total magnetic field, and vertical magnetic derivatives. Following interpretation of the airborne results, in July 2011, the Company reported that there were a significant number of new anomalous targets outside of the known mineralized zones.

Description of Business (continued):

BARSELE, SWEDEN (continued):

In August 2011, the Company engaged Finland-based Suomen Malmi Oy ("SMOY") and LeBel Geophysics to conduct ground follow-up surveys. The majority of the new anomalous targets lie outside of the known mineralized zones. Initially 12 gold targets and 25 VMS targets were outlined as warranting follow-up by way of geological examination, and ground magnetic and induced polarization (IP) and electromagnetic (EM) surveying. SMOY carried out IP surveying, toward detection of the disseminated-style of mineralization associated with the Central, Avan and Skriasen Zones at Barsele, wherein, gold mineralization is associated with non-magnetic dioritic intrusive rocks, indicated by magnetic lows. A total of 30 line kilometres was completed in four areas.

In addition, 9 VMS targets were surveyed by LeBel Geophysics, utilizing a very low frequency (VLF) EM method, which has proved efficient and successful in characterizing the airborne EM VMS targets. A total of 30 line-kilometres was completed. Preliminary analysis of the VLF-EM surveying suggests an extension of the Norra base/precious metal deposit and shows other VMS targets with favourable geophysical signatures with respect to VMS-style mineralization. Examination of government archives revealed a historic high-grade float boulder discovered within the property grading 33 g/t gold and 7% zinc, which is believed to be associated with one of the anomalies located up-ice within the claims.

After completing the initial phase of ground geophysics, in November 2011, the Company commenced diamond drilling to test both the strike extensions and depth potential of the deposits outlined to date. Protek Norr AB of Skellefteå, Sweden, was retained to conduct a 6,200 metre diamond drill program. In this first phase of drilling, 16 holes were completed; 12 in the Central Zone and 4 in the Avan Zone. The assay results from the Central Zone expanded the boundaries of the known mineralization, both laterally and vertically.

On November 7, 2012, the Company reported that an independent updated resource estimate had been completed on the Barsele Property by the consulting firm, Mining Plus. The study concluded that drilling to date on the Central-Avan-Skiråsen Zones, at a 0.6g/t cut-off, outlined an Indicated Resource of 14.1 million tonnes grading 1.21 g/t gold or 547,000 contained ounces of gold. In addition, the study estimated additional Inferred Resources of 20.2 million tonnes grading 0.97 g/t gold or 627,000 contained ounces of gold.

A new estimate was not prepared for the Norra volcanogenic massive sulphide deposit. In February 2011, a resource estimate at a 0.6g/t Au cut-off outlined an Indicated Resource of 110,000 tonnes grading 3.13 g/t gold, 30.27 g/t silver, 0.53% copper and 0.72% zinc. The study also estimated additional Inferred Resources of 310,000 tonnes grading 1.62 g/t gold, 12.69 g/t silver, 0.26% copper and 0.42% zinc.

At least three other target areas of known gold and/or base metal mineralization have been reported from the various generations of regional exploration outside the CAS Zone and Norra Zone. Further exploration is also warranted in these zones.

The Company reached an alternative payment arrangement with Barsele Guld with regards to its outstanding deferred consideration obligations. The amended payment terms are as follows:

(a) Upon receipt of TSX Venture Exchange approval, US$250,000 in cash and 4,000,000 common shares.

(b) On or before December 31, 2013, US$1,750,000 in cash.

More recently, the Company has continued negotiations with Barsele Guld to further modify the payment terms. As of the date of this report, the Company's discussions with Barsele Guld are ongoing.

Ben Whiting, P.Geo., is the Qualified Person, as defined in National Instrument 43-101, and takes responsibility for the technical disclosure in this report with regards to the Barsele Property.

Description of Business (continued):

TRANSACTION WITH ASTRAL MINING CORPORATION:

On October 15, 2012, the Company announced that it had agreed to acquire Astral Mining Corporation ("Astral") by way of a plan of arrangement or other business combination, in which the Company would acquire all of the issued and outstanding common shares of Astral and its wholly-owned subsidiary, Astral Mexico S.A. de C.V. The Company completed the acquisition of Astral on February 12, 2013 and its operating results were recognized in the consolidated statements of operations and comprehensive loss beginning February 12, 2013. The transaction was accounted for as an asset acquisition.

Upon closing of the transaction, the Company acquired from the shareholders of Astral, 100% of the outstanding common shares of Astral in exchange for common shares of the Company. A total of 2,083,795 common shares of the Company were issued to Astral shareholders, valued at $1,083,573. In conjunction with the closing of the transaction, certain creditors and holders of notes of Astral converted debt owed to them into common shares of the Company in settlement of the debt. A total of 840,425 common shares of the Company were issued, valued at $437,021.

The transaction provided the Company with a new gold-silver-copper project in Mexico named Los Crestones, as well as a new gold project in British Columbia named Jumping Josephine.

LOS CRESTONES, MEXICO:

The Los Crestones Property in Sinoloa State of western Mexico is an early stage gold-silver-copper property located in the gold-silver belt of the Sierra Madre Occidental of Sinaloa State. The property totals 4,168 ha and is located approximately 110 km from the state capital of Culiacan.

The Phase-I drilling program conducted by Astral in 2011 consisted of 2,800 metres of diamond drilling in 18 holes to test the Bohemia, El Indio and Corona structures. Multiple mineralized intercepts were achieved from silicified and brecciated intrusive dykes.

The highest gold content was reported in drill hole 11LD-011, which yielded 5.00 metres (true thickness of 3.54 metres) grading 39.1 g/t gold, 93 g/t silver and 2.13% copper from the Bohemia structure. The highest silver content was reported in drill hole 11LD-006, which yielded 3.09 metres (true thickness of 2.18 metres) grading 0.14 g/t gold, 479 g/t silver and 3.5% copper from the El Indio structure. Additional exploration is warranted on the Los Crestones Property.

Ben Whiting, P.Geo., is the Qualified Person, as defined in National Instrument 43-101, and takes responsibility for the technical disclosure in this report with regards to the Los Crestones Property.

JUMPING JOSEPHINE, CANADA:

The Jumping Josephine Property is a prospective exploration property with the potential to host an economic gold deposit and warrants further advanced exploration work. It is a large contiguous claim holding which covers 22,910 ha in the West Kootenay region of Southeastern British Columbia. The property is located close to existing infrastructure and approximately 40 km north of Teck-Cominco's smelting operation in Trail. Astral currently has a 60% joint venture interest with Kootenay Silver Inc. in the Jumping Josephine Project.

In 2011, Astral contracted the services of Apex Geoscience Ltd. to conduct a 43-101 compliant Initial Resource Estimate. The technical report was released on June 24, 2011.

The Main Zone yielded the following resource estimate at a cut-off grade of 0.5 g/t gold. Indicated resources consist of 363,000 tonnes grading 2.95 g/t gold for 34,000 ounces of gold. Inferred resources consist of 448,000 tonnes grading 2.08 g/t gold for 30,000 ounces of gold.

Ben Whiting, P.Geo., is the Qualified Person, as defined in National Instrument 43-101, and takes responsibility for the technical disclosure in this report with regards to the Jumping Josephine Property.

Description of Business (continued):

PERSISTENCE, CANADA:

On June 26, 2013, the Company entered into an option agreement with Cazador Resources Ltd. ("Cazador") to earn a 100% interest in mining claims located in northern British Columbia, collectively known as the Persistence Property. The option agreement was subject to TSX Venture Exchange approval, which was received on August 2, 2013. To earn a 100% interest in the Persistence Property, the Company must make cash payments and share issuances to Cazador as follows:

(a) Within 5 days of receiving TSX Venture Exchange approval, 150,000 common shares;

(b) On the 1st anniversary of receiving TSX Venture Exchange approval, $50,000 in cash and 200,000 common shares;

(c) On the 2nd anniversary of receiving TSX Venture Exchange approval, $75,000 in cash and 300,000 common shares;

(d) On the 3rd anniversary of receiving TSX Venture Exchange approval, $150,000 in cash and 400,000 common shares;

(e) On the 4th anniversary of receiving TSX Venture Exchange approval, $200,000 in cash and 500,000 common shares.

Cazador will retain a 2 per cent net smelter return royalty on the Persistence Property, of which 1 per cent may be purchased by the Company for $2,000,000. After earning a 100% interest in the Persistence Property, the Company will be required to pay Cazador a minimum advance royalty in the amount of $10,000 per year, which amount will be credited towards future net smelter return royalties.

In connection with the Persistence Property option agreement, the Company will issue 267,857 common shares as a finder's fee.

The Persistence Property is located within the highly prospective "Stikine Arch" area of northwestern British Columbia, host to a number of world-class copper gold porphyry deposits. Government sampling of altered rocks has also revealed the presence of anomalous precious and base metal values within the Persistence Property, returning values up to 64 ppb gold, 3.2 ppm silver, 14 ppm copper, 46 ppm lead, 112 ppm zinc and 170 ppm arsenic. The Company has not conducted any independent sampling to verify the government results.

Due to its close proximity to major deposits with similar age intrusive rocks, the Persistence Property warrants a preliminary exploration program.

Ben Whiting, P.Geo., is the Qualified Person, as defined in National Instrument 43-101, and takes responsibility for the technical disclosure in this report with regards to the Persistence Property.

PROPOSED SPIN OUT:

On February 1, 2013, the Company announced that it is currently evaluating the merits of proceeding with a reorganization of its business that will separate the Company's advanced-stage Barsele Gold Project in Sweden from all of the Company's other mineral properties ("the Proposed Spin Out"). The Proposed Spin Out would be completed by way of a shareholder-approved plan of arrangement resulting in shareholders receiving shares of a new company and continuing to hold shares of the Company.

In response to adverse current market conditions for raising the funds required for the Proposed Spin Out, the Company has decided to defer making a decision on the proposal until it has sufficient funds on hand. If the Company decides to proceed with the Proposed Spin Out, it would be subject to the approval of the Company's shareholders, as well as regulatory and other approvals, including the approval of the TSX-V.

Results of Operations for the Three Months Ended April 30, 2013 and 2012:

During the fourth quarter of fiscal 2013, the Company incurred exploration expenses amounting to $279,882, which was 63 per cent lower than the $747,914 incurred in the fourth quarter of fiscal 2012, when the Company was conducting a drilling program on the Barsele Property. The fourth quarter expenses consisted of geological costs of $211,070, assay costs of $9,036 and other general exploration costs of $59,776. The current quarter exploration expenditures were primarily incurred on the Barsele Property and similarly, the costs in the fourth quarter of last year were also primarily incurred on the Barsele Property.

General operating costs totaled $428,069 for the fourth quarter of fiscal 2013, which is 73 per cent lower than the $1,610,734 incurred in the fourth quarter of fiscal 2012. Share-based payments expense was significantly lower in the fourth quarter of this year as the Company recorded a $253 charge to reflect the imputed non-cash cost of stock options to directors, officers and consultants that vested in the period, compared to a charge of $1,146,421 recorded in the fourth quarter of last year. Other costs were relatively consistent with those incurred in the same period of last year.

During the fourth quarter of 2013, the Company recorded interest expense of $69,212 to reflect amortization of the discount on deferred consideration and a foreign exchange loss on deferred consideration of $37,328 to reflect the impact of changes in the foreign exchange rate between the Canadian dollar and US dollar. The deferred consideration represents future payments, scheduled to be made over the next 2 years, related to the Company's purchase of Gunnarn Mining and the Barsele Property in the fourth quarter of fiscal 2011.

The loss in the fourth quarter of fiscal 2013 amounted to $811,576 or $0.02 per share, which is 66 per cent lower than the loss in the fourth quarter of last year, of $2,388,971 or $0.06 per share. The decrease can be attributed primarily to lower exploration expenses and lower share-based payments expense.

Results of Operations for the Year Ended April 30, 2013 and 2012:

During fiscal 2013, the Company incurred exploration expenses amounting to $1,245,820 which is 57 percent lower than the $2,889,335 incurred in fiscal 2012. The expenses for the year consisted of drilling costs of $105,064, geological costs of $758,159, assay costs of $216,258 and other general exploration costs of $166,339. The current year exploration expenditures were incurred primarily on the Barsele Property and similarly, the costs in the fourth quarter of last year were also primarily incurred on the Barsele Property.

General operating costs totaled $1,604,573 for fiscal 2013, which is 40 percent lower than the $2,667,437 incurred in fiscal 2012. Travel costs of $233,044 were up from the $131,660 incurred in fiscal 2012, due to increased interaction with investors and for visits to the Company's projects in Mexico and Sweden. Investor relations costs of $469,074 were down from $626,970 incurred last year when the Company was actively promoting the Phase-I drilling program on the Barsele Property. As was the case for the quarter, share-based payments expense was significantly lower this year as the Company recorded a $25,155 charge to reflect the imputed non-cash cost of stock options to directors, officers and consultants that vested in the year, compared to a charge of $1,147,720 recorded last year. Other costs were consistent with those incurred last year.

During fiscal 2013, the Company recorded interest expense of $265,728 to reflect amortization of the discount on deferred consideration and a foreign exchange loss on deferred consideration of $70,268 to reflect the impact of changes in the foreign exchange rate between the Canadian dollar and US dollar.

The loss in fiscal 2013 amounted to $3,195,132 or $0.07 per share, which is 48 percent lower than the loss in last year of $6,157,152 or $0.18 per share. The decrease can be attributed primarily to lower exploration expenses and lower share-based payments expense.

(Expressed in Canadian Dollars)

Property Acquisition Costs:

	Coneto, Mexico	Barsele, Sweden	Jumping Josephine, Canada	Los Crestones, Mexico	Total
Balance, as at April 30, 2011 and April 30, 2012	$ 2,090,000	$ 7,611,607	$ -	$ -	$ 9,701,607
Acquisition costs	-	-	500,000	1,804,228	2,304,228
Balance, as at April 30, 2013	$ 2,090,000	$ 7,611,607	$ 500,000	$ 1,804,228	$ 12,005,835

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, in exchange for 2,200,000 common shares of the Company. The definitive purchase agreement, signed on September 1, 2009, was subject to the approval of the TSX Venture Exchange. After receiving TSX Venture Exchange approval, on April 15, 2010, the Company issued 2,200,000 shares to the vendors of the Coneto concessions, valued at $2,090,000.

On November 30, 2010, the Company entered into an option agreement to acquire a 100% interest in the Las Mesas Property in Durango, Mexico from La Cuesta International, S.A. de C.V. ("La Cuesta") for US$4,000,000, less any option maintenance payments paid prior to the exercise of the option. To initiate the option agreement, the Company paid La Cuesta $35,200 (US$35,000) in cash. Subsequent to April 30, 2011 the Company received the assays from its drill program on Las Mesas and management was disappointed with the results overall. A decision was made to terminate the Las Mesas option agreement and consequently, mineral property costs of $35,200 were written-off during fiscal 2011.

The Company completed the final agreement on April 29, 2011 to purchase all of the issued and outstanding shares of two Swedish companies, Gunnarn Mining A.B. and its wholly-owned subsidiary, Gunnarn Exploration A.B. The primary assets of Gunnarn Mining are mining claims collectively known as the Barsele Property. As the initial consideration, the Company paid $1,958,230 (US$2,000,000) and issued 1,153,997 common shares valued at $1,015,517 to the vendor. The Company also issued 250,000 common shares valued at $220,000 as a finder's fee. In addition, the Company agreed to make deferred consideration payments to Barsele Guld, in cash and issuances of common shares of the Company, with a total value on the acquisition date, after applying a 7.5% discount rate, of $4,428,940 (US$5,500,000, undiscounted). Of the total purchase price of Gunnarn Mining, the Company allocated $7,611,607 to the Barsele mining concessions held by Gunnarn Mining.

On February 12, 2013, the Company completed the acquisition of all of the issued and outstanding shares of two companies, Astral Mining Corporation and its wholly-owned subsidiary, Astral Mining S.A. de C.V. The primary assets of these two companies are mining claims, primarily the Jumping Josephine Property located in British Columbia, Canada and the Los Crestones Property, located in Sinaloa State, Mexico. Of the total purchase cost, the Company allocated $500,000 to the Jumping Josephine Property and $1,804,228 to the Los Crestones Property.

(Expressed in Canadian Dollars)

Property Exploration Expenditures for the Year Ended April 30, 2013 and 2012:

Total Expenditures for the Year Ended April 30, 2013	**Barsele, Sweden**	**Coneto, Mexico**	**Los Crestones, Mexico**	**Jumping Josephine, Canada**	**Other Properties**	**Total**
	$	$	$	$	$	$
Drilling	105,064	-	-	-	-	105,064
Geological	586,253	92,555	14,879	15,855	48,618	758,159
Assay	211,165	5,093	-	-	-	216,258
General exploration	118,836	36,925	3,557	6,014	1,007	166,339
	1,021,318	134,573	18,437	21,870	49,624	1,245,820

Property Exploration Expenditures for the Year Ended April 30, 2013 and 2012:

Total Expenditures for the Year Ended April 30, 2012	**Barsele, Sweden**	**Coneto, Mexico**	**Other Properties**	**Total**
	$	$	$	$
Drilling	791,081	-	97,607	888,688
Geological	917,539	186,353	102,810	1,206,702
Assay	173,018	341	20,796	194,155
General exploration	373,477	157,824	68,489	599,790
	2,255,115	344,518	289,702	2,889,335

(Expressed in Canadian Dollars)

Selected Annual Financial Information:

		For the Year Ended April 30, 2013	For the Year Ended April 30, 2012	For the Year Ended April 30, 2011
Total revenues		Nil	Nil	Nil
Loss before discontinued operations and extraordinary items:				
(i)	total for the year	$ 3,195,132	$ 6,157,152	$ 3,187,794
(ii)	per share	0.07	0.18	0.13
(iii)	per share fully diluted	0.07	0.18	0.13
Net loss:				
(i)	total for the year	$ 3,195,132	$ 6,157,152	$ 3,187,794
(ii)	per share	0.07	0.18	0.13
(iii)	per share fully diluted	0.07	0.18	0.13
Total assets		$ 13,144,253	$ 11,253,198	$ 12,520,571
Total long-term financial liabilities		$ 871,823	$ 1,650,083	$ 3,108,382
Cash dividends declared per-share		Nil	Nil	Nil

In fiscal 2013, exploration expenses of $1,245,820 were primarily incurred on the Barsele Property. General operating costs were $1,604,573. Other costs for fiscal 2013 included interest expense on deferred consideration of $265,728 and foreign exchange loss on deferred consideration of $70,268.

In fiscal 2012, exploration expenses were $2,889,335, primarily incurred on the Barsele Property. General operating costs of $2,667,437 included share-based payments expense of $1,147,720 for the imputed non-cash cost of stock options granted to directors, officers and consultants of the Company. Other costs for fiscal 2012 included interest expense on deferred consideration of $346,791 and foreign exchange loss on deferred consideration of $200,905.

In fiscal 2011, exploration, primarily on the Coneto and Las Mesas properties, was $1,743,043. General operating costs of $1,400,346 included costs related to the preparation and filing of the definitive agreement to acquire Gunnarn Mining and Gunnarn Exploration.

(Expressed in Canadian Dollars)

Selected Quarterly Financial Information:

		4th Quarter Ended April 30, 2013	3rd Quarter Ended January 31, 2013	2nd Quarter Ended October 31, 2012	1st Quarter Ended July 31, 2012
(a)	Revenue	Nil	Nil	Nil	Nil
(b)	Loss for period	$ 811,576	$ 683,885	$ 648,209	$ 1,051,462
(c)	Loss per share	$ 0.02	$ 0.02	$ 0.02	$ 0.03
		4th Quarter Ended April 30, 2012	**3rd Quarter Ended January 31, 2012**	**2nd Quarter Ended October 31, 2011**	**1st Quarter Ended July 31, 2011**
(a)	Revenue	Nil	Nil	Nil	Nil
(b)	Loss for period	$ 2,388,971	$ 1,276,872	$ 1,267,295	$ 1,224,016
(c)	Loss per share	$ 0.06	$ 0.04	$ 0.04	$ 0.04
		4th Quarter Ended April 30, 2011	**3rd Quarter Ended January 31, 2011**	**2nd Quarter Ended October 31, 2010**	**1st Quarter Ended July 31, 2010**
(a)	Revenue	Nil	Nil	Nil	Nil
(b)	Loss for period	$ 924,573	$ 689,792	$ 470,460	$ 1,102,969
(c)	Loss per share	$ 0.03	$ 0.03	$ 0.02	$ 0.05

Exploration costs in the first, second, third and fourth quarter of fiscal 2013 were $554,221, $175,154, $236,563 and $279,882 respectively, which related to completion of the Phase-I drilling program on the Barsele Property and review by the Company's geologists of the drilling program on the Coneto Property, currently being conducted by Fresnillo. General operating costs in the first, second, third and fourth quarter amounted to $370,601, $410,644, $395,259 and 428,069 respectively. During the first, second, third and fourth quarter, the Company recorded interest expense, of $65,533, $64,668, $66,315 and $69,212 respectively, to reflect amortization of the discount on deferred consideration and foreign exchange gain (loss) on deferred consideration of ($52,033), $13,163, $5,930 and ($37,328) respectively, to reflect the impact of changes in the foreign exchange rate between the Canadian dollar and US dollar.

Exploration costs in the first, second, third and fourth quarter of 2012 were $800,962, $547,148, $793,311 and $747,914 respectively. During the first quarter of fiscal 2012, the Company initiated a geophysics program on the Barsele Property and completed its drill program on Las Mesas. During the second quarter, the Company completed its initial geophysics program on the Barsele Property in preparation for a drill program. During the third quarter, the Company initiated the drill program on the Barsele Property which continued through the fourth quarter. General operating costs in the first, second, third and fourth quarter amounted to $279,492, $424,695, $352,516 and $1,610,734 respectively, including share-based payments expense of $1,146,421 in the fourth quarter. During the first, second, third and fourth quarter of 2012, the Company recorded interest expense, of $82,538, $87,094, $90,383 and $86,776 respectively, to reflect amortization of the discount on deferred consideration and foreign exchange gain (loss) on deferred consideration of $(41,629), $(195,881), $(27,987) and $64,592 respectively, to reflect the impact of changes in the foreign exchange rate between the Canadian dollar and US dollar.

Exploration costs were $819,922, $156,321, $329,165 and $437,635 respectively in the first, second, third and fourth quarter of 2011. During the first quarter, the Company completed a drill program on the Coneto Property and during the fourth quarter, the Company commenced a drill program on the Las Mesas Property. The Company conducted due diligence on the Barsele Property during the third and fourth quarter of fiscal 2011. General operating costs were consecutively higher each quarter of fiscal 2011 as the Company incurred substantial costs in the second half of the year for professional fees related to preparing the final agreement to acquire Gunnarn Mining and its Barsele Property. The general operating costs amounted to $278,059, $317,515, $355,733 and $449,039 respectively in the first, second, third and fourth quarter.

(Expressed in Canadian Dollars)

Outstanding Share Data:

(a) Share capital and reserves

	Number of Shares	Share Capital	Reserves
Authorized:			
Unlimited number of common shares without par value			
Issued:			
Balance at April 30, 2011	32,076,315	24,504,796	2,410,617
Private placements	6,356,000	3,728,000	200,000
Finders' fees	205,100	102,550	-
Shares issued for property	852,764	492,400	-
Warrants exercised	20,000	15,000	-
Options exercised	291,000	566,073	(405,573)
Share-based payments	-	-	1,147,720
Share issuance costs		(170,371)	-
Balance at April 30, 2012	39,801,179	29,238,448	3,352,764
Private placements	6,206,800	3,103,400	-
Finders' fees	24,500	12,250	-
Shares issued for acquisition of subsidiaries	2,924,220	1,520,594	-
Options exercised	30,000	49,805	(34,805)
Share-based payments	-	-	25,155
Share issuance costs		(82,159)	-
Balance at April 30, 2013	48,986,699	$ 33,842,338	$ 3,343,114
Shares issued for property	150,000	39,000	-
Finders' fees	15,000	3,900	-
Balance at August 27, 2013	49,151,699	$ 33,885,238	$ 3,343,114

On November 9, 2011, the Company issued 3,856,000 units at $0.50 per unit for gross proceeds of $1,928,000 under a non-brokered private placement. Each unit consisted of one common share and one half of one 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 $0.75 per common share, for a total of 1,928,000 shares. The full value of $1,928,000 was assigned to the common shares. In connection with the private placement, as a commission, the Company issued 205,100 units valued at $102,550 with terms similar to those issued under the private placement and paid $5,250 in cash. The Company incurred other cash share issuance costs of $25,666 on the private placement.

On February 8, 2012, the Company issued 2,500,000 units to Fresnillo PLC at $0.80 per unit for gross proceeds of $2,000,000 under a non-brokered private placement. Each unit consisted of one common share and one half of one 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 $1.00 per common share for a total of 1,250,000 shares. A value of $1,800,000 was assigned to the common shares and a value of $200,000 was assigned to reserves. The Company incurred cash share issuance costs of $36,905 on the private placement.

Outstanding Share Data (continued):

(a) Share capital and reserves (continued)

On September 24, 2012, the Company issued 4,006,800 units at $0.50 per unit for gross proceeds of $2,003,400 under a non-brokered private placement. Each unit consisted of one common share and one half of one 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 $0.75 per common share, for a total of 2,003,400 shares. The full value of $2,003,400 was assigned to the common shares. In connection with the private placement, as a commission, the Company paid $32,340 in cash. The Company incurred other cash share issuance costs of $19,173 on the private placement.

On October 5, 2012, the Company issued 700,000 units at $0.50 per unit for gross proceeds of $350,000 under a non-brokered private placement. Each unit consisted of one common share and one half of one 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 $0.75 per common share, for a total of 350,000 shares. The full value of $350,000 was assigned to the common shares. In connection with the private placement, as a commission, the Company issued 24,500 units valued at $12,250 with terms similar to those issued under the private placement and paid $5,250 in cash. The Company incurred other cash share issuance costs of $4,282 on the private placement.

On February 12, 2013, the Company acquired from the shareholders of Astral, 100% of the outstanding common shares of Astral in exchange for common shares of the Company. Astral, as a result, became a wholly owned subsidiary of the Company and was consolidated for purposes of preparing these consolidated financial statements. Each Astral shareholder received 0.0834 common share of the Company for each common share of Astral held. A total of 2,083,795 common shares of the Company were issued to Astral shareholders, valued at $1,083,573.

In conjunction with the closing of the transaction, certain creditors and holders of notes of Astral converted debt owed to them into common shares of the Company in settlement of the debt. A total of 840,425 common shares of the Company were issued, valued at $437,021.

On April 26, 2013, the Company issued 1,500,000 common shares at $0.50 per share for gross proceeds of $750,000 under a non-brokered private placement. The Company incurred cash share issuance costs of $8,864 on the private placement.

(b) 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. Options issued to consultants providing investor relations services must vest in stages over a minimum of 12 months with no more than one-quarter of the options vesting in any three-month period.

(Expressed in Canadian Dollars)

Outstanding Share Data (continued):

(b) Stock options and warrants (continued)

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

	Warrants			Stock Options		
	Number of Shares		Weighted Average Exercise Price	Number of Shares		Weighted Average Exercise Price
Outstanding, April 30, 2011	5,757,399	$	0.89	2,016,800	$	0.84
Granted	3,280,550		0.85	2,239,000		0.74
Exercised	(20,000)		0.75	(291,000)		0.55
Expired	(3,331,187)		0.81	-		-
Forfeited	-		-	(70,000)		1.49
Outstanding, April 30, 2012	5,686,762		0.91	3,894,800		0.79
Granted	2,365,650		0.75	75,000		0.70
Granted on acquisition of Astral	568,692		5.92	46,829		2.73
Exercised	-		-	(30,000)		0.50
Expired	(2,614,712)		1.26	(462,670)		0.65
Forfeited	-		-	(37,500)		0.70
Outstanding, April 30, 2013	6,006,392	$	1.17	3,486,459	$	0.84
Expired	-		-	(82,659)		2.40
Outstanding, August 27, 2013	6,006,392	$	1.17	3,403,800	$	0.82

On February 12, 2013, the Company completed the acquisition of Astral. Astral's stock options and warrants continue to exist after the closing of the transaction but are now exercisable into common shares of the Company at prices that were adjusted in accordance with the exchange ratio used for the transaction. If all Astral options and warrants outstanding on the closing date were exercised, a total of 615,521 common shares of the Company would have been issued.

The following stock options to acquire common shares of the Company were outstanding at April 30, 2013 and August 27, 2013:

	Number of Shares April 30, 2013	Number of Shares August 27, 2013	Exercise Price $	Expiry Date
Options				
	119,800	119,800	0.50	June 7, 2014
	40,000	-	0.50	June 17, 2013
	50,000	50,000	0.50	December 19, 2013
	1,100,000	1,100,000	1.00	April 28, 2015
	70,000	70,000	0.90	June 9, 2015
	1,989,000	1,989,000	0.74	February 17, 2017
	75,000	75,000	0.74	February 17, 2014
	42,659	-	2.76	May 13, 2013

(Expressed in Canadian Dollars)

Outstanding Share Data (continued):

(b) Stock options and warrants (continued)

The following warrants to acquire common shares of the Company were outstanding at April 30, 2013 and August 27, 2013:

	Number of Shares April 30, 2013	Number of Shares August 27, 2013	Exercise Price $	Expiry Date
Warrants				
	2,030,550	2,030,550	0.75	November 9, 2013
	1,250,000	1,250,000	1.00	February 8, 2014
	2,003,400	2,003,400	0.75	September 24, 2014
	362,250	362,250	0.75	October 5, 2014
	214,918	214,918	8.99	October 7, 2014
	16,680	16,680	8.99	November 2, 2014
	106,752	106,752	3.60	April 29, 2014
	21,842	21,842	1.26	March 5, 2014

Liquidity:

The Company's cash position decreased from the opening level of $1,036,929 at the beginning of the year to the year-end level of $574,468.

The operating loss for the year of $3,195,132, after adjustments for non-cash items and changes in other working capital balances, required total cash funding of $2,934,819.

As mentioned above, the Company acquired Astral during the fourth quarter and the total cash cost for the transaction was $576,133.

Funding of $3,048,491 was received during the year from the exercise of stock options and from three private placements. On the exercise of stock options, the Company issued 30,000 common shares for gross proceeds of $15,000. On September 24, 2012, the Company issued 4,006,800 units in a private placement at $0.50 per unit for gross proceeds of $2,003,400 and paid finders' fees in cash of $32,340 and incurred other cash share issuance costs of $19,173. On October 5, 2012, the Company issued 700,000 units in a private placement at $0.50 per unit for gross proceeds of $350,000 and paid finders' fees in cash of $5,250 and incurred other cash share issuance costs of $4,282. On April 26, 2013, the Company issued 1,500,000 common shares at $0.50 per share for gross proceeds of $750,000 under a private placement and incurred cash share issuance costs of $8,864.

To summarize, the funds on hand at the beginning of the year of $1,036,929, supplemented by the net cash proceeds from financing activities aggregating $3,048,491, were used to fund the cash requirements for operations in the year of $2,934,819 and to acquire Astral at a cash cost of $576,133 such that at April 30, 2013, the Company held $574,468 in its accounts.

(Expressed in Canadian Dollars)

Commitments:

On April 29, 2011, the Company completed the final agreement with Barsele Guld to purchase all of the issued and outstanding shares of Gunnarn Mining and its wholly-owned subsidiary, Gunnarn Exploration (Note 4). The Company agreed to make deferred consideration payments to Barsele Guld, in cash and issuances of common shares of the Company over four years, with a total value of US$5,500,000. To fulfill its 1st anniversary obligations, on April 29, 2012, the Company paid $996,200 (US$1,000,000) and issued 852,764 common shares valued at $492,400 to Barsele Guld. To fulfill its 2nd anniversary obligations, the Company was required to pay $2,000,000 to Barsele Guld on April 29, 2013 but did not make the payment. The Company is currently discussing an alternative payment arrangement with Barsele Guld.

As a result, at April 30, 2013 the Company had the following undiscounted commitments outstanding with regards to the acquisition of Gunnarn Mining.

Fiscal Year	Deferred Consideration Payments
2014	US $3,000,000(1)
2015	1,000,000(2)

(1) Payable in cash of US$2,000,000 and the lesser of 2,000,000 common shares or the number of common shares valued at US$1,000,000. If the value of the common shares issued is less than US$1,000,000, the balance shall be paid in cash

(2) Payable in the lesser of 2,000,000 common shares or the number of common shares valued at US$1,000,000. If the value of the common shares issued is less than US$1,000,000, the balance shall be paid in cash

The Company holds an option to acquire 100% interest in the Los Crestones Property in Sinaloa State, Mexico by making the following cash payments totalling US $505,000.

Fiscal Year	Option Payments
2014	US $120,000
2015	385,000

On February 13, 2013, the Company entered into an agreement to lease office premises commencing March 1, 2013 and expiring November 30, 2016. The Company's lease commitment for the remaining term of the lease is $581,620.

Fiscal Year		Lease Payments
2014	$	162,313
2015		162,313
2016		162,313
2017		94,681

(Expressed in Canadian Dollars)

Corporate Summary:

Management anticipates additional funds will be required for deferred consideration cash payments to be made in fiscal 2014 and that new funding will be raised by a private placement of common shares.

In fiscal 2014, the Company initiated a private placement of units, priced at $0.25 per unit. Each unit consisted of one common share and one half of one transferable share purchase warrant. Each whole share purchase warrant will entitle 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. To date, the Company has received $0.8 million in subscriptions to this private placement.

While there has been great volatility in the stock markets, which may raise questions about the Company's ability to raise new capital and thereby sustain or expand its operations, as mentioned above, the Company succeeded in raising in excess of $3.0 million during fiscal 2013 based on the strength of its mineral property holdings. However, there is no certainty that the Company will continue to be successful in its efforts to raise new capital, which would cause the Company to reconsider its viability as a going concern at that time and how best to sustain a reduced level of operations, pending a return to better market conditions when a financing could be completed.

Capital Resources:

The Company had $0.7 million in cash as of August 27, 2013. The Company will continue to seek capital, as needed, through public markets by issuing common shares pursuant to private placements.

Related Party Transactions:

Name of Subsidiary	Country of Incorporation	Proportion of Ownership Interest	Principal Activity
OVI Exploration de Mexico S.A. de C.V.	Mexico	100%	Mineral exploration
Servicios Mineros Orex Silver S.A. de C.V.	Mexico	100%	Mineral exploration
Con Exploraciones y Proyectos de Mexico S.A. de C.V.	Mexico	100%	Mineral exploration
Exploraciones y Desarrollos Mineros Coneto S.A.P.I.	Mexico	45%	Mineral exploration
Gunnarn Mining AB	Sweden	100%	Mineral exploration
Gunnarn Exploration AB	Sweden	100%	Mineral exploration
Astral Mining Corporation	Canada	100%	Mineral exploration
Astral Mining S.A. de C.V.	Mexico	100%	Mineral exploration
Barsele Minerals Corp.	Canada	100%	Mineral exploration

(1) Orex Minerals Inc. holds 45% joint venture interest in Exploraciones y Desarrollos Mineros Coneto S.A.P.I. and the remaining 55% is held by Fresnillo PLC.

Related Party Transactions (continued):

During the year ended April 30, 2013, the Company entered into the following transactions with related parties, directors and key management personnel. Key management personnel are individuals responsible for planning, directing and controlling the activities of the Company and include certain directors and officers.

(a) Paid or accrued management fees of $84,000 (2012 - $84,000) to a management company controlled by the CEO and director of the Company.

(b) Paid or accrued management fees of $57,000 (2012 - $53,800) to a management company controlled by the CFO and director of the Company.

(c) Paid or accrued management fees of $27,600 (2012 - $24,600) to the Corporate Secretary of the Company.

(d) Paid or accrued rent of $60,000 (2012 - $72,000) to Orko Silver Corp., a company with common directors.

(e) Paid or accrued fees of $60,000 (2012 - $60,000) to a management company controlled by a director of the Company. These amounts were included in exploration expenditures.

(f) Paid or accrued fees of $48,000 (2012 - $48,000) to a management company controlled by a director of the Company. These amounts were included in exploration expenditures.

(g) Recorded shared-based payments of $Nil (2012 - $742,774) to directors and officers of the Company.

Included in accounts payable and accrued liabilities as at April 30, 2013 is $34,549 (2012 –$Nil) due to directors or officers or companies controlled by directors.

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.

Off Balance Sheet Arrangements:

The Company has no material off balance sheet arrangements in place.

Investor Relations:

In June 2010, the Company retained the services of a firm to provide investor relations services to the Company. The agreement with General Research GmbH, based in Munich, Germany, is subject to termination with 30 days notice.

In May 2011, the Company retained the services of Sigorex Management GmbH ("Sigorex") to provide investor relations services to the Company. Sigorex is paid 5,000 EUR per month and is subject to termination with 30 days notice.

In May 2012, the Company retained the services of Jada Jennings ("Jennings") to provide investor relations services to the Company. Jennings was paid a fee of $7,875 per month. In October 2012, the investor relations agreement with Jada Jennings was cancelled pursuant to the terms of the agreement.

In April 2013, the Company retained the services of Patrice Nazareno ("Nazareno") to provide investor relations services to the Company. Nazareno is paid a fee of $6,900 per month.

Changes in Accounting Policies Including Initial Adoption:

The following standards were adopted during the current fiscal period.

(a) IFRS 7 Financial Instruments: Disclosures ("IFRS 7")

IFRS 7 was amended by the International Accounting Standards Board ("IASB") in October 2010 and the amendment enhances the disclosure requirements in relation to transferred financial assets. The adoption of this standard did not have a material impact on the Company's consolidated financial statements.

(b) IAS 1 - Presentation of Financial Statements ("IAS 1")

IAS 1 was amended by the IASB in June 2011 and relates to the presentation of items in other comprehensive income. Items in other comprehensive income will be required to be presented in two categories: items that will be reclassified into profit or loss and those that will not be reclassified. The flexibility to present a statement of comprehensive income as one statement or two separate statements of profit and loss and other comprehensive income remains unchanged. The adoption of this standard did not have a material impact on the Company's consolidated financial statements.

(c) IAS 12 – Income Taxes ("IAS 12")

IAS 12 was amended by the IASB in December 2010 and the amendment provides a solution to determining the recovery of investment properties as it relates to the accounting for deferred income taxes. The adoption of this standard did not have a material impact on the Company's consolidated annual financial statements.

New Standards Not Yet Adopted:

The following standards have not yet been adopted and are being evaluated to determine their impact on the Company's financial statements.

(a) IFRS 9 Financial Instruments ("IFRS 9")

IFRS 9 was issued by the IASB in October 2010 and will replace IAS 39 Financial Instruments: Recognition and Measurement ("IAS 39"). IFRS 9 uses a single approach to determine whether a financial asset is measured at amortized cost or fair value, replacing the multiple rules in IAS 39. The approach in IFRS 9 is based on how an entity manages its financial instruments in the context of its business model and the contractual cash flow characteristics of the financial assets. Most of the requirements in IAS 39 for classification and measurement of financial liabilities were carried forward unchanged to IFRS 9. The new standard also requires a single impairment method to be used, replacing the multiple impairment methods in IAS 39. IFRS 9 is required to be applied for annual periods beginning on or after January 1, 2015.

(b) IFRS 10 Consolidated Financial Statements ("IFRS 10")

For annual periods beginning on January 1, 2013, IFRS 10 will replace portions of IAS 27 Consolidated and Separate Financial Statements and interpretation SIC-12 Consolidation - Special Purpose Entities. The new standard requires consolidated financial statements to include all controlled entities under a single control model. The Company will be considered to control an investee when it is exposed, or has rights to variable returns from its involvement with the investee and has the current ability to affect those returns through its power over the investee. As required by this standard, control is reassessed as facts and circumstances change. Additional guidance is given on how to evaluate whether certain relationships give the Company the current ability to affect its returns, including how to consider options and convertible instruments, holding less than a majority of voting rights, how to consider protective rights, and principal agency relationships (including removal rights), all which may differ from current practice. IFRS 10 was adopted on May 1, 2013 and did not have a material impact on the Company's consolidated annual financial statements.

New Standards Not Yet Adopted (continued):

(c) IFRS 11 Joint Arrangements ("IFRS 11")

IFRS 11 applies to accounting for interests in joint arrangements where there is joint control. The standard requires the joint arrangements to be classified as either joint operations or joint ventures. The structure of the joint arrangement would no longer be the most significant factor when classifying the joint arrangement as either a joint operation or a joint venture. In addition, the option to account for joint ventures (previously called jointly controlled entities) using proportionate consolidation will be removed and replaced by equity accounting. IFRS 11 was adopted on May 1, 2013 and did not have a material impact on the Company's consolidated annual financial statements.

(d) IFRS 12 Disclosure of Interests in Other Entities ("IFRS 12")

IFRS 12 includes disclosure requirements about subsidiaries, joint ventures, and associates, as well as unconsolidated structured entities and replaces existing disclosure requirements. Due to this new section, the Company will be required to disclose the following: judgments and assumptions made when deciding how to classify involvement with another entity, interests that non-controlling interests have in consolidated entities, and the nature of the risks associated with interests in other entities. IFRS 12 was adopted on May 1, 2013 and did not have a material impact on the Company's consolidated annual financial statements.

(e) IFRS 13 Fair Value Measurement ("IFRS 13")

IFRS 13 will converge the IFRS requirements for how to measure fair value and the related disclosures. IFRS 13 establishes a single source of guidance for fair value measurements, when fair value is required or permitted by IFRS. Upon adoption, the Company will provide a single framework for measuring fair value while requiring enhanced disclosures when fair value is applied. In addition, fair value will be defined as the 'exit price' and concepts of 'highest and best use' and 'valuation premise' would be relevant only for non-financial assets and liabilities. IFRS 13 is required to be applied for annual periods beginning on or after January 1, 2013, with earlier adoption permitted. IFRS 13 was adopted on May 1, 2013 and did not have a material impact on the Company's consolidated annual financial statements.

(f) IAS 28 – Investments in Associates and Joint Ventures ("IAS 28")

IAS 28 was amended by the IASB in September 2011 and the amendments prescribe the accounting for investments in associates and sets out the requirements for the application of the equity method when accounting for investments in associates and joint ventures. IAS 28 applies to all entities that are investors with joint control of, or significant influence over, an investee (associate or joint venture). The amendments to IAS 28 were adopted on May 1, 2013 and did not have a material impact on the Company's consolidated annual financial statements.

Financial and Capital Risk Management:

Financial instruments measured at fair value are classified into one of three levels in the fair value hierarchy according to the relative reliability of the inputs used to estimate the fair values. The three levels of the fair value hierarchy are described below.

Level 1 - quoted prices (unadjusted) in active markets for identical assets or liabilities;
Level 2 - inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (i.e., as prices) or indirectly (i.e., derived from prices); and
Level 3 - inputs for the asset or liability that are not based on observable market data (unobservable inputs).

Financial and Capital Risk Management:

(a) Fair value of financial instruments

The Company has various financial instruments including cash, receivables, accounts payable and accrued liabilities and deferred consideration. Cash is carried at fair value using a level 1 fair value measurement. The carrying values of receivables and accounts payable and accrued liabilities approximate their fair values due to the short-term maturity of these financial instruments. Deferred consideration is carried at amortized cost and approximates its fair value using a level 3 fair value measurement.

(b) Concentrations of business risk

The Company maintains a majority of its cash with a major Canadian financial institution and the remainder of its cash with a major Mexican financial institution and a major Swedish 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.

(c) 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 value added tax (VAT), input value-added tax (IVA) and goods and services tax (GST), which are recoverable from the governing body in Sweden, Mexico and Canada, respectively. As the Company’s exploration operations are conducted in Sweden, Mexico and Canada, the Company’s operations are also subject to the economic risks associated with those countries.

(d) 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.

Accounts payable and accrued liabilities are due within the current operating period. Deferred consideration is due in installments over two years.

(e) Foreign exchange risk

A portion of the Company’s operational transactions are originally or effectively denominated in US dollars. As well, because the Company’s operations are in Mexico and Sweden, some costs are denominated in Mexican pesos and Swedish Kronor. 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 April 30, 2013, a hypothetical change of 10% in the foreign exchange rate between the Canadian dollar and US dollar would have a $390,000 effect on loss and comprehensive loss and on liabilities for deferred consideration; a hypothetical change of 10% in the foreign exchange rate between the Canadian dollar and the Mexican Peso would have a $16,000 effect; a hypothetical change of 10% in the foreign exchange rate between the Canadian dollar and the Swedish Krona would have a $2,000 effect.

Financial and Capital Risk Management (continued):

(f) 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 April 30, 2013, a hypothetical change of 1% in the interest rate would have a $6,000 effect on net loss and comprehensive loss in the upcoming year.

(g) 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.

(h) Capital management

The Company defines its capital as cash, deferred consideration obligations and all components of shareholders' equity. 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 has in the past invested its capital in liquid investments to obtain adequate returns. The investment decision is based on cash management to ensure working capital is available to meet the Company's short-term obligations while maximizing liquidity and returns on unused capital. The Company does not pay dividends. The Company is not subject to any externally imposed capital requirements.

The Company raises capital to fund its corporate and exploration costs and other obligations 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. Although the Company has been successful at raising funds in the past through issuance of capital stock, it is uncertain whether it will continue this financing due to uncertain economic conditions. There have been no changes to the Company's approach to capital management during the year.

Events After the Reporting Date:

Between May 1, 2013 and August 27, 2013, the Company:

(a) Reached an alternative payment arrangement with Barsele Guld with regards to its outstanding deferred consideration obligations. The amended payment terms are as follows:

(A) Upon receipt of TSX Venture Exchange approval, US$250,000 in cash and 4,000,000 common shares.

(B) On or before December 31, 2013, US$1,750,000 in cash.

More recently, the Company has continued negotiations with Barsele Guld to further modify the payment terms. As of the date of this report, the Company's discussions with Barsele Guld are ongoing.

(b) Entered into an option agreement to earn a 100% interest in the Persistence Property, subject to regulatory approval. To earn the interest, the option agreement calls for the Company to make staged cash payments totalling $475,000 and issue an aggregate of 1,550,000 common shares to the vendor, of which 150,000 common shares have been issued to date. As a commission, the Company will pay a finder's fee of 267,857 common shares, of which 15,000 common shares have been issued to date.

OREX MINERALS INC.
(An Exploration Stage Company)
ANNUAL REPORT TO SHAREHOLDERS
For the Year Ended April 30, 2013
(Expressed in Canadian Dollars)

Additional Information:

Additional information relating to the Company may be accessed on the System for Electronic Document Analysis and Retrieval (SEDAR) at www.sedar.com.