OREX MINERALS INC.
(An Exploration Stage Company)
QUARTERLY REPORT TO SHAREHOLDERS
For the Six Months Ended October 31, 2013
(Expressed in Canadian Dollars - Unaudited)

MANAGEMENT DISCUSSION AND ANALYSIS FOR THE SIX MONTHS ENDED OCTOBER 31, 2013

Dated: December 18, 2013

Management's Responsibility for Financial Reporting:

The accompanying interim financial report for the six months ended October 31, 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 interim financial report.

The Company's certifying officers, based on their knowledge, having exercised reasonable diligence, are also responsible to ensure that the interim financial report and interim MD&A (together the "interim 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 interim filings, and the interim financial report together with the other financial information included in these interim 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 interim filings.

The Board of Directors approves the interim financial report together with the other financial information included in the interim 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 interim 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 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, August 20, 2013, and October 7, 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. The resource estimate was performed to a depth of 300 metres, although gold mineralization is known to occur below this depth.

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.

On October 21, 2013 the deferred consideration valued at $3,974,406 was settled. The value of $3,974,406 was an increase of $150,374 from April 30, 2013 due to interest expense of $64,833 and foreign exchange of $85,541. The balance was settled with the issuance of 7,500,000 shares of the Company valued at $1,912,500, cash of $257,615 (USD 250,000). As a result the Company recorded a gain on settlement of deferred consideration in the amount of $1,804,291. Closure of this amended agreement, giving the Company 100% ownership of the Barsele Project, was announced in a news release dated October 21, 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 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. An expanded surface mapping and sampling program, plus geophysical surveying is planned for early 2014.

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 11,200 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 N.I. 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) Upon receiving TSX Venture Exchange approval, 150,000 common shares (issued and valued at $42,750);

(b) On August 2, 2014, $50,000 in cash and 200,000 common shares;

(c) On August 2, 2015, $75,000 in cash and 300,000 common shares;

(d) On August 2, 2016, $150,000 in cash and 400,000 common shares;

(e) On August 2, 2017, $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, of which 15,000 common shares valued at $4,275 have been issued to date.

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

During August 2013, the Company completed six days of fieldwork on the Persistence Property and collected 20 rock samples, 48 soil samples and 3 silt samples. Much of the geochemical sampling completed by the Company was located north of historical work, in previously untested areas. The aim of the exploration to date has been to familiarize the Company with the local geology and terrain in order to better plan a more comprehensive exploration program for the 2014 season.

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 October 31, 2013 and 2012:

During the second quarter of fiscal 2014, the Company incurred exploration expenses amounting to $273,046, which was 56 per cent higher than the $175,154 incurred in the second quarter of fiscal 2013. The second quarter expenses consisted of geological costs of $185,776, assay costs of $27,053 and other general exploration costs of $60,217. The current and prior quarter exploration expenditures were primarily incurred on the Barsele property.

General operating costs totaled $517,271 for the second quarter of fiscal 2014, which is 26 per cent higher than the $410,644 incurred in the comparable quarter of fiscal 2013. Management fees were $93,150 an increase of 117% from the comparable quarter in 2013 due to increased time commitments by management, and office and miscellaneous was $ 88,225 an increase of 253% from the prior period as the Company's lease expired and its new accommodation costs are significantly higher due to market conditions. Other costs were relatively consistent with those incurred in the same period of last year.

During the second quarter of fiscal 2014, the Company recorded interest expense of $31,071 to reflect amortization of the discount on deferred consideration and a foreign exchange loss on deferred consideration of $10,880 to reflect the impact of changes in the foreign exchange rate between the Canadian dollar and US dollar. The deferred consideration represented future payments, scheduled to be made over the next 3 years, however on October 21, 2013 the amount was settled by the issuance of 7,500,000 common shares and a cash payment of $257,615 (USD 250,000) resulting in a gain on settlement of 1,804,291.

The gain in the second quarter of fiscal 2014 amounted to $966,887 or $0.02 per share, from the loss in the second quarter of fiscal 2013, of $648,209 or $0.02 per share. The increase can be attributed to the gain on settlement of the deferred consideration.

Results of Operations for the Six Months Ended October 31, 2013 and 2012:

During the first half of fiscal 2014, the Company incurred exploration expenses amounting to $560,031, which was 23 per cent lower than the $729,375 incurred in the first half of fiscal 2013, when the Company was in the final stages of a drilling program on the Barsele Property. The first half expenses for this year consisted of geological costs of $396,972, assay costs of $40,219 and other general exploration costs of $122,840. The current period exploration expenditures were primarily incurred on the Barsele Property and similarly, the costs in the first half of last year were also primarily incurred on the Barsele Property.

General operating costs totaled $1,081,174 for the first half of fiscal 2014, which is 38 per cent higher than the $781,245 incurred in the first half of fiscal 2013. Office expenses of $215,139 and professional fees of $203,135 were higher in the first half of fiscal 2014 compared to $71,821 and $168,669 respectively in the first half of fiscal 2013 as the Company completed statutory audits of its operations in Sweden and Mexico and also incurred costs associated with evaluating various financing options which ultimately did not proceed. Management fees of $186,300 in the first half of fiscal 2014 were up from $81,200 incurred in the first half of 2013, reflecting the greater time commitment required from the Company's management team as the Company's portfolio of mineral properties has increased substantially over the past year. Other costs were relatively consistent with those incurred in the same period of last year.

During the first half of fiscal 2014, the Company recorded interest expense of $64,833 to reflect amortization of the discount on deferred consideration and a foreign exchange loss on deferred consideration of $85,541 to reflect the impact of changes in the foreign exchange rate between the Canadian dollar and US dollar. The deferred consideration represented 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 first quarter of fiscal 2011. During the current period the deferred consideration was settled as noted above resulting in a gain on settlement of $1,804,291.

The loss in the first half of fiscal 2014 amounted to $5,899 or $0.0 per share, compared to a loss of $1,669,671 or $0.04 per share in the first half of fiscal 2013. The reduction in loss for the period was primarily the result of the gain on settlement of deferred consideration.

(Expressed in Canadian Dollars - Unaudited)

Property Acquisition Costs:

	Coneto, Mexico	Barsele, Sweden	Jumping Josephine, Canada	Los Crestones, Mexico	Persistence, Canada	Total
Balance, as at 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
Acquisition costs	-	-	-	62,418	47,025	109,443
Balance, as at October 31, 2013	$ 2,090,000	$ 7,611,607	$ 500,000	$ 1,866,646	$ 47,025	$ 12,115,278

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 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 - Unaudited)

Property Acquisition Costs (continued):

During the six months ended October 31, 2013, the Company paid $62,418 (US $60,000) to the optionors of the Los Crestones Property. To earn a 100% interest in the Los Crestones Property, the Company must make the following additional cash payments totalling US $445,000.

Fiscal Year	Option Payments
January 12, 2014	US $60,000
July 12, 2014	192,500
January 12, 2015	192,500

Upon exercise of the option, the vendors will retain a 0.5% net smelter returns royalty on the Los Crestones Property, which the Company may purchase for US$400,000.

On June 26, 2013 the Company entered into an option agreement with Cazador to earn a 100% interest in mining claims located in northern British Columbia, collectively known as the Persistence Property. To earn a 100% interest in the Persistence Property, the Company must make cash payments and share issuances to Cazador as follows:

a) Upon receiving TSX Venture Exchange approval, 150,000 common shares (issued and valued as $42,750).

b) On August 2, 2014, $50,000 in cash and 200,000 common shares.

c) On August 2, 2015, $75,000 in cash and 300,000 common shares.

d) On August 2, 2016, $150,000 in cash and 400,000 common shares.

e) On August 2, 2017, $200,000 in cash and 500,000 common shares.

In connection with the Persistence Property option agreement, the Company must issue 267,857 common shares as a finders' fee of which 15,000 common shares have been issued and valued at $4,275.

(Expressed in Canadian Dollars - Unaudited)

Property Exploration Expenditures for the Six Months Ended October 31, 2013 and 2012:

Total Expenditures for the Six Months Ended October 31, 2013	**Barsele, Sweden**	**Coneto, Mexico**	**Los Crestones, Mexico**	**Jumping Josephine, Canada**	**Persistence, Canada**	**Other Properties**	**Total**
	$	$	$	$	$	$	$
Geological	213,268	102,200	13,555	27,338	23,093	17,521	396,972
Assay	38,255	-	-	-	1,964	-	40,219
General exploration	32,577	38,393	14,470	25,058	9,319	3,024	122,840
	284,099	140,593	28,025	52,397	34,375	20,544	560,031

Total Expenditures for the Three Months Ended October 31, 2012	**Barsele, Sweden**	**Coneto, Mexico**	**Other Properties**	**Total**
	$	$	$	$
Drilling	105,064	-	-	105,064
Geological	279,160	34,402	26,776	340,338
Assay	184,389	5,093	-	189,482
General exploration	65,236	27,158	2,097	94,491
	633,848	66,654	28,873	729,375

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

(Expressed in Canadian Dollars - Unaudited)

Selected Annual Financial Information (continued):

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.

Selected Quarterly Financial Information:

	Revenues	**(Loss) Gain for the period**	**(Loss) Gain per share**
2nd Quarter ended October 31, 2013	Nil	$996,887	$0.02
1st Quarter ended July 31, 2013	Nil	($972,786)	($0.02)
4th Quarter ended April 30, 2013	Nil	($811,576)	($0.02)
3rd Quarter ended January 31, 2013	Nil	($683,885)	($0.02)
2nd Quarter ended October 31, 2012	Nil	($648,209)	($0.02)
1st Quarter ended July 31, 2012	Nil	($1,051,462)	($0.03)
4th Quarter ended April 30, 2012	Nil	($2,388,971)	($0.06)
3rd Quarter ended January 31, 2012	Nil	($1,276,872)	($0.04)

Exploration costs in the first and second quarter of fiscal 2014 were $286,985 and $273,046 respectively was incurred primarily on the Barsele Property. General operating costs for the first and second quarter amounted to $563,903 and 517,271 respectively. The deferred consideration was settled in the second quarter of fiscal 2014 resulting in a gain on settlement of debt of $1,804,291. Income of $996,887 in the second quarter of fiscal 2014 was the result of the gain on settlement of debt.

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.

(Expressed in Canadian Dollars - Unaudited)

Selected Quarterly Financial Information (continued):

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.

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, 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 Persistence property	50,000	42,750	-
Finders' fees	15,000	4,275	-
Shares issued to Barsele Guld	7,500,000	1,912,500	-
Private placement	8,228,600	1,974,864	82,286
Share issuance costs	-	(94,077)	-
Balance at October 31, 2013	64,880,299	37,682,650	3,425,400
Private Placement, net finders' fees	6,796,900	1,425,144	271,456
Cash share issuance costs	-	(9,246)	-
Balance at December 18, 2013	$71,677,199	$ 39,098,548	$ 3,696,856

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.

On September 13, 2013, the Company completed a non-brokered private placement of 8,228,600 units at $0.25 per unit, of which 5,547,900 were flow-through units, for gross proceeds of $2,057,150. Each unit consists of one common share of the Company and one-half share purchase warrant. Each whole warrant is exercisable into one common share at a price of $0.30 per share until September 13, 2015. The shares were valued at $0.24 each based on the closing price the day the shares were issued and a fair value was assigned to the warrants based on the residual value method of $82,286 or $0.02 per warrant. In connection with the private placement the Company paid finders' fees of $69,650 in cash and incurred other cash share issuance costs in the amount of $24,427. In connection with the issuance of flow-through common shares in September 2013, the Company has a commitment to incur $1,386,975 of qualifying flow-through expenditures by December 31, 2015. As at October 31, 2013 the Company has incurred $19,491 on qualifying flow-through expenditures.

(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 - Unaudited)

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, 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)	1.67
Granted	4,114,300	0.30		
Outstanding, October 31, 2013	10,120,692	0.82	3,403,800	0.82
Granted	3,393,200	0.30	-	-
Expired	(2,030,550)	0.30	-	-
Outstanding December 18, 2013	11,478,342	0.68	3,403,800	0.82
Exercisable at December 18, 2013	11,478,342	$ 0.68	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 October 31, 2013 and December 18, 2013:

	Number of Shares	Exercise Price	Expiry Date
Options			
	50,000	$ 0.50	December 19, 2013
	75,000	0.74	February 17, 2014
	119,800	0.50	June 7, 2014
	1,100,000	1.00	April 28, 2015
	70,000	0.90	June 9, 2015
	1,989,000	0.74	February 17, 2017

(Expressed in Canadian Dollars - Unaudited)

Outstanding Share Data (continued):

(b) Stock options and warrants (continued)

The following warrants to acquire common shares of the Company were outstanding at October 31, 2013 and December 18, 2013:

	Number of Shares	Exercise Price	Expiry Date
Warrants			
	21,842	1.26	March 5, 2014
	106,752	3.60	April 29, 2014
	1,250,000	1.00	February 8, 2014
	2,003,400	0.75	September 24, 2014
	362,250	0.75	October 5, 2014
	214,918	8.99	October 7, 2014
	16,680	8.99	November 2, 2014
	4,114,300	0.30	September 13, 2015
	3,393,200	0.30	November 21, 2015

Liquidity:

The Company's cash position increased from the opening level of $574,468 at the beginning of the period to the period-end level of $1,167,978.

The operating loss for the period of $5,899 represented a cash funding requirement of $1,393,630, after adjustments for non-cash items and changes in other working capital balances.

During the first quarter, the Company made a cash payment per the terms of the agreement to acquire the Los Crestones Property, in the amount of $62,418 and during the second quarter the Company paid $257,615 (USD 250,000) to Barsele Guld to settle the outstanding deferred consideration obligation.

Funding of $1,963,073, net of issuance costs, was received during the period for subscriptions to a non-brokered private placement offering of units. On September 13, 2013, the Company completed a non-brokered private placement of 8,228,600 units at $0.25 per unit, of which 5,547,900 were flow-through units, for gross proceeds of $2,057,150. Each unit consists of one common share of the Company and one-half share purchase warrant. Each whole warrant is exercisable into one common share at a price of $0.30 per share until September 13, 2015. The shares were valued at $0.24 each based on the closing price the day the shares were issued and a fair value was assigned to the warrants based on the residual value method of $82,286 or $0.02 per warrant. In connection with the private placement the Company paid finders' fees of $69,650 in cash and incurred other cash share issuance costs in the amount of $24,427. In connection with the issuance of the flow-through common shares, the Company has a commitment to incur $1,386,975 of qualifying flow-through expenditures by December 31, 2015. As at October 31, 2013 the Company has incurred $19,491 on qualifying flow-through expenditures.

(Expressed in Canadian Dollars - Unaudited)

Liquidity (continued):

Funding of $344,100 was also received for subscriptions received in advance of a second financing which closed subsequent to the reporting period on November 21, 2013. This non-brokered private placement consisted of 6,786,400 units at $0.25 per unit, for gross proceeds of $1,696,600. Each unit consists of one common share of the Company and one-half share purchase warrant. Each whole warrant is exercisable into one common share at a price of $0.30 per share until November 21, 2015. The shares were valued at $0.21 each, the value of the shares at closing the day the shares were issued, and the warrants were valued at $0.04 for each half warrant based on the residual value. In connection with the private placement the Company paid finders' fees of 10,500 shares valued at $2,205 and cash share issuance costs of $9,246.

To summarize, funds on hand at the beginning of the period was $574,468, and was supplemented during the period with net cash proceeds from financing activities of $2,307,173. Cash requirements for current period operating costs was $1,393,630. Investment activity cash requirements included a scheduled payment to acquire the Los Crestones Property at a cost of $62,418, and the payment of $257,615 (USD 250,000) to Barsele Guld, being the cash component of the settlement agreement. As of October 31, 2013, the Company held $1,167,978 in its accounts.

Commitments:

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 $445,000.

Fiscal Year	Option Payments
2014	US $60,000
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 entered into an additional lease agreement effective November 1, 2013, expiring on November 30, 2016. The Company's lease commitment for the term of the lease is $596,224.

Fiscal Year	Lease Payments
2014	$ 97,117
2015	194,233
2016	194,233
2017	110,641

In connection with the issuance of flow-through common shares in September 2013, the Company has a commitment to incur $1,386,975 of qualifying flow-through expenditures by December 31, 2015. As at October 31, 2013 the Company has incurred $19,941 on qualifying flow-through expenditures.

OREX MINERALS INC.
(An Exploration Stage Company)
QUARTERLY REPORT TO SHAREHOLDERS
For the Six Months Ended October 31, 2013
(Expressed in Canadian Dollars - Unaudited)

Corporate Summary :

The Company funds its operations through the issuance of common shares or units consisting of common shares and warrants. During the second quarter 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. Subsequent to the period end the Company closed this private placement receiving additional net proceeds of $1,687,354.

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 2014 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 approximately $2,030,000 in cash as of December 18, 2013. The Company will continue to seek capital, as needed, through public markets by issuing common shares pursuant to private placements.

Related Party Transactions:

The financial statements include the financial statements of Orex Minerals Inc. and its subsidiaries listed in the following table:

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

Related Party Transactions (continued):

During the six months ended October 31, 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 $82,500 (2012 - $42,000) to a management company controlled by the CEO and director of the Company.

b) Paid or accrued management fees of $75,600 (2012 - $25,400) to a management company controlled by the CFO and director of the Company.

c) Paid or accrued management fees of $28,200 (2012 - $13,800) to the Corporate Secretary of the Company.

d) Paid or accrued fees of $88,500 (2012 - $30,000) to a management company controlled by a director of the Company. These amounts were included in exploration expenditures.

e) Paid or accrued fees of $12,000 (2012 - $24,000) to a management company controlled by a director of the Company. These amounts were included in exploration expenditures.

f) Paid or accrued administration fees of $52,910 (2012 - $Nil) to a company controlled by the CEO of the Company. These amounts were included in office and miscellaneous for support services.

Included in accounts payable and accrued liabilities as at October 31, 2013 is $115,051 (April 30, 2013 – $34,549) 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 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.

On December 5, 2013 The Company announced that it has retained Frontier Consulting Ltd. (“FronTier”) for investor relations services. FronTier has been retained for a twelve-month period at $6,000 per month and thereafter on a month basis at $4,000. The Company will also grant 300,000 incentive stock options to FronTier.

Changes in Accounting Policies Including Initial Adoption:

The following standards were adopted during the current fiscal period.

(a) 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 condensed consolidated interim financial statements.

(b) 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 condensed consolidated interim financial statements.

(c) 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 condensed consolidated interim financial statements.

(d) 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 condensed consolidated interim financial statements.

(e) 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 condensed consolidated interim 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.

(f) 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.

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).

(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.

Financial and Capital Risk Management (continued):

(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, accounts payable and accrued liabilities and liabilities for deferred consideration. At October 31, 2013, a hypothetical change of 10% in the foreign exchange rate between the Canadian dollar and US dollar would have a $6,000 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 $1,300 effect; a hypothetical change of 10% in the foreign exchange rate between the Canadian dollar and the Swedish Krona would have an $6,400 effect.

(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 July 31, 2013, a hypothetical change of 1% in the interest rate would have a $11,700 effect on net loss and comprehensive loss in the upcoming quarter.

(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 period.

Events After the Reporting Date:

Subsequent to the quarter ended October 31, 2013, the Company completed a non-brokered private placement of 6,786,400 units at $0.25 per unit, for gross proceeds of $1,696,600. Each unit consists of one common share of the Company and one-half share purchase warrant. Each whole warrant is exercisable into one common share at a price of $0.30 per share until November 21, 2015. The shares were valued at $0.21 each the value of the closing the day the shares were issued, and the warrants were valued at $0.04 for each half warrant based on the residual value. In connection with the private placement the Company paid finders' fees of 10,500 shares valued at $2,205 and cash share issuance costs of $9,246.

As at October 31, 2013, the Company had received $344,100, as subscriptions received in advance pursuant to the private placement.

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.