

**OREX MINERALS INC.**

(An Exploration Stage Company)

**CONSOLIDATED BALANCE SHEETS**

AS AT JANUARY 31, 2009 AND APRIL 30, 2008

(Expressed in Canadian Dollars)

(UNAUDITED)

**NOTICE OF NO AUDIT REVIEW OF INTERIM FINANCIAL STATEMENTS**

In accordance with National Instrument 51-102 released by the Canadian Securities Administrators, the Company discloses that its auditors have not reviewed the unaudited interim financial statements for the period ended October 31, 2008.

|   | January 31,<br>2009<br>(Unaudited) | April 30,<br>2008<br>(Audited) |
|---|------------------------------------|--------------------------------|
| <b>ASSETS</b>                               |                                    |                                |
| <b>Current assets</b>                       |                                    |                                |
| Cash  | \$ 12,139                          | \$ 705,887                     |
| Receivables                                 | 22,816                             | 60,175                         |
| Prepaid expenses                            | -                                  | 130,684                        |
|   | <u>34,955</u>                      | <u>896,746</u>                 |
| <b>Equipment</b> (Note 4)                   | 1,327                              | 1,711                          |
| <b>Mineral Properties</b> (Note 5)          | <u>2,095,450</u>                   | <u>1,617,850</u>               |
|   | <u>\$ 2,131,732</u>                | <u>\$ 2,516,307</u>            |
| <b>LIABILITIES AND SHAREHOLDERS' EQUITY</b> |                                    |                                |
| <b>Current liabilities</b>                  |                                    |                                |
| Accounts payable and accrued liabilities    | \$ <u>387,354</u>                  | \$ <u>102,253</u>              |
| <b>Shareholders' equity</b>                 |                                    |                                |
| Share capital (Note 6)                      | 9,591,351                          | 8,615,455                      |
| Share subscriptions                         | 538,000                            | -                              |
| Contributed surplus (Note 6)                | 1,431,409                          | 1,574,510                      |
| Deficit                                     | <u>(9,816,382)</u>                 | <u>(7,775,911)</u>             |
|   | <u>1,744,378</u>                   | <u>2,414,054</u>               |
|   | <u>\$ 2,131,732</u>                | <u>\$ 2,516,307</u>            |

**Nature and continuance of operations** (Note 1)**Commitments** (Note 11)**Subsequent events** (Note 13)**Approved on behalf of the Board of Directors:**

"Gary Cope" Director  
(signed)

"Rick Sayers" Director  
(signed)

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

**OREX MINERALS INC.**

(An Exploration Stage Company)

**CONSOLIDATED STATEMENTS OF OPERATIONS, COMPREHENSIVE LOSS AND DEFICIT**

FOR THE THREE AND NINE MONTHS ENDED JANUARY 31, 2009 AND 2008

(Expressed in Canadian Dollars)

(UNAUDITED)

|   | Three months ended<br>January 31, |                  | Nine months ended<br>January 31, |                    |
|---|-----------------------------------|------------------|----------------------------------|--------------------|
|   | 2009                              | 2008             | 2009                             | 2008               |
| <b>EXPLORATION EXPENSES (Schedule 1)</b>                    |                                   |                  |                                  |                    |
| Geological  | \$ 102,798                        | \$ 28,555        | \$ 231,224                       | \$ 71,832          |
| Assay   | 22,757                            | 157              | 31,874                           | 2,099              |
| Site costs  | 302,051                           | 264,260          | 1,085,977                        | 580,753            |
| General exploration   | 35,240                            | 390              | 56,728                           | 10,988             |
|   | <u>462,846</u>                    | <u>293,362</u>   | <u>1,405,803</u>                 | <u>665,672</u>     |
| <b>GENERAL EXPENSES</b>                                     |                                   |                  |                                  |                    |
| Amortization  | 128                               | 183              | 384                              | 549                |
| Bank charges and interest                                   | 1,046                             | 476              | 3,552                            | 1,632              |
| Consulting fees   | 15,000                            | 15,000           | 45,000                           | 50,660             |
| Investor relations  | 1,950                             | 23,645           | 65,383                           | 81,077             |
| Management fees   | 42,300                            | 41,100           | 127,300                          | 121,600            |
| Office and miscellaneous                                    | 17,090                            | 10,916           | 58,391                           | 42,529             |
| Professional fees   | 1,000                             | 5,000            | 87,325                           | 64,629             |
| Rent  | 18,390                            | 18,390           | 55,170                           | 54,120             |
| Stock-based compensation (Note 6)                           | 37,775                            | 77,125           | 106,685                          | 247,801            |
| Transfer agent and filing fees                              | 818                               | 2,999            | 12,144                           | 22,475             |
| Travel and entertainment                                    | 5,914                             | 1,038            | 60,357                           | 71,926             |
|   | <u>141,411</u>                    | <u>195,872</u>   | <u>621,691</u>                   | <u>758,998</u>     |
| <b>Loss before other items</b>                              | (604,257)                         | (489,234)        | (2,027,494)                      | (1,424,670)        |
| <b>OTHER ITEMS</b>  |                                   |                  |                                  |                    |
| Foreign exchange loss                                       | 963                               | 7,781            | (15,450)                         | (5,366)            |
| Interest income   | 98                                | 4,916            | 2,473                            | 43,346             |
|   | <u>(603,195)</u>                  | <u>(476,537)</u> | <u>(2,040,471)</u>               | <u>(1,386,690)</u> |
| <b>Loss and comprehensive loss for the period</b>           | (603,195)                         | (476,537)        | (2,040,471)                      | (1,386,690)        |
| <b>Deficit, beginning of period</b>                         | (9,213,187)                       | (6,652,055)      | (7,775,911)                      | (5,741,902)        |
| <b>Deficit, end of period</b>                               | \$ (9,816,382)                    | \$ (7,128,592)   | \$ (9,816,382)                   | \$ (7,128,592)     |
| <b>Basic and diluted loss per common share</b>              | \$ (0.01)                         | \$ (0.01)        | \$ (0.04)                        | \$ (0.03)          |
| <b>Weighted average number of common shares outstanding</b> | 47,636,035                        | 41,813,566       | 47,081,266                       | 39,919,681         |

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

**OREX MINERALS INC.**

(An Exploration Stage Company)

**CONSOLIDATED STATEMENTS OF CASH FLOWS**

FOR THE THREE AND NINE MONTHS ENDED JANUARY 31, 2009 AND 2008

(Expressed in Canadian Dollars)

(UNAUDITED)

|  | Three months ended<br>January 31, |                   | Nine months ended<br>January 31, |                    |
|--|-----------------------------------|-------------------|----------------------------------|--------------------|
|  | 2009                              | 2008              | 2009                             | 2008               |
| <b>CASH FLOWS FROM OPERATING ACTIVITIES</b>                    |                                   |                   |                                  |                    |
| Net loss for the period  | \$ (603,195)                      | \$ (476,537)      | \$ (2,040,471)                   | \$ (1,386,690)     |
| Items not involving cash                                       |                                   |                   |                                  |                    |
| Amortization   | 128                               | 183               | 384                              | 549                |
| Stock-based compensation expense                               | 37,775                            | 77,125            | 106,685                          | 247,801            |
| Change in operating assets and liabilities:                    |                                   |                   |                                  |                    |
| Receivables  | (5,614)                           | 32,601            | 37,360                           | 10,107             |
| Prepaid expenses   | 30,812                            | 61,968            | 130,684                          | (18,894)           |
| Accounts payable and accrued liabilities                       | 151,588                           | 18,859            | 285,100                          | (84,198)           |
| Net cash flows used in operating activities                    | <u>(388,507)</u>                  | <u>(285,801)</u>  | <u>(1,480,258)</u>               | <u>(1,231,325)</u> |
| <b>CASH FLOWS FROM INVESTING ACTIVITIES</b>                    |                                   |                   |                                  |                    |
| Acquisition of mineral property                                | -                                 | (500,000)         | (452,600)                        | (1,366,100)        |
| Redemption of short-term investments                           | -                                 | 1,200,000         | -                                | 1,800,000          |
| Net cash used in investing activities                          | <u>-</u>                          | <u>700,000</u>    | <u>(452,600)</u>                 | <u>433,900</u>     |
| <b>CASH FLOWS FROM FINANCING ACTIVITIES</b>                    |                                   |                   |                                  |                    |
| Shares subscriptions   | 130,000                           | -                 | 538,000                          | -                  |
| Issuance of share capital                                      | -                                 | 251,150           | 701,110                          | 1,506,000          |
| Share issue costs  | -                                 | -                 | -                                | (14,332)           |
| Net cash provided by financing activities                      | <u>130,000</u>                    | <u>251,150</u>    | <u>1,239,110</u>                 | <u>1,491,668</u>   |
| <b>Decrease in cash and cash equivalents during the period</b> | <u>(258,507)</u>                  | <u>665,349</u>    | <u>(693,748)</u>                 | <u>694,243</u>     |
| <b>Cash and cash equivalents, beginning of period</b>          | <u>270,646</u>                    | <u>195,986</u>    | <u>705,887</u>                   | <u>167,092</u>     |
| <b>Cash and cash equivalents, end of period</b>                | <u>\$ 12,139</u>                  | <u>\$ 861,335</u> | <u>\$ 12,139</u>                 | <u>\$ 861,335</u>  |

Supplemental disclosure with respect to cash flows (Note 7)

SCHEDULE 1

**OREX MINERALS INC.**

(An Exploration Stage Company)

**CONSOLIDATED STATEMENT OF PROPERTY ACQUISITION AND EXPLORATION EXPENDITURES**

FOR THE PERIOD ENDED JANUARY 31, 2009

(Expressed in Canadian Dollars)

(UNAUDITED)

| <b>PROPERTY ACQUISITION COSTS</b> | <b>LAS<br/>SORPRESAS,<br/>PERU</b> | <b>SANTA CRUZ,<br/>MEXICO</b> | <b>TOTAL</b>        |
|-----------------------------------|------------------------------------|-------------------------------|---------------------|
| Balance, April 30, 2008           | \$ -                               | \$ 1,617,850                  | \$ 1,617,850        |
| Additions in the period:          | <u>-</u>                           | <u>477,600</u>                | <u>477,600</u>      |
| <b>Balance, January 31, 2009</b>  | <u>\$ -</u>                        | <u>\$ 2,095,450</u>           | <u>\$ 2,095,450</u> |

**YEAR-TO-DATE EXPLORATION EXPENDITURES**

|  |             |                     |                     |
|--|-------------|---------------------|---------------------|
| Geological                               | \$ -        | \$ 231,224          | \$ 231,224          |
| Assay                                    | -           | 31,874              | 31,874              |
| Site costs                               | -           | 1,085,977           | 1,085,977           |
| General exploration                      | <u>-</u>    | <u>56,728</u>       | <u>56,728</u>       |
| <b>Total expenditures for the period</b> | <u>\$ -</u> | <u>\$ 1,405,803</u> | <u>\$ 1,405,803</u> |

**TOTAL EXPLORATION EXPENDITURES TO DATE**

|                                   |                   |                     |                     |
|-----------------------------------|-------------------|---------------------|---------------------|
| Geophysical                       | \$ 114,977        | \$ -                | \$ 114,977          |
| Geochemical                       | 57,807            | -                   | 57,807              |
| Geological                        | 181,533           | 363,471             | 545,004             |
| Assay                             | -                 | 33,973              | 33,973              |
| Site costs                        | -                 | 1,880,834           | 1,880,834           |
| General exploration               | <u>129,261</u>    | <u>71,121</u>       | <u>200,382</u>      |
| <b>Total expenditures to date</b> | <u>\$ 483,578</u> | <u>\$ 2,349,399</u> | <u>\$ 2,832,977</u> |

**1. NATURE AND CONTINUANCE OF OPERATIONS**

Orex Minerals Inc. (formerly Orex Ventures Inc.) (the "Company") was incorporated under the laws of the Province of British Columbia, Canada on April 25, 1996. The Company's principal business activities include the acquisition and exploration of mineral properties in Mexico. The Company is in the exploration stage and has not yet determined whether any of these properties contain ore reserves that are economically recoverable.

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

**2. SIGNIFICANT ACCOUNTING POLICIES**

**Basis of Presentation**

These interim consolidated financial statements are prepared by management in accordance with generally accepted accounting principles in Canada and have been prepared following the same accounting policies and methods of computation as the audited financial statements for the fiscal year ended April 30, 2008. The disclosures included below are incremental to those included with the annual audited consolidated financial statements. These interim consolidated financial statements should be read in conjunction with the annual audited consolidated financial statements and the notes thereto in the Company's annual report for the year ended April 30, 2008.

**Principles of consolidation**

These consolidated financial statements include the accounts of the Company and its wholly-owned subsidiary, OVI Exploration de Mexico S.A. de C.V., which was incorporated on August 21, 2007. All significant inter-company balances and transactions have been eliminated upon consolidation.

**Use of estimates**

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

**Short-term investments**

Short-term investments consist of highly liquid short-term interest bearing securities with a term to maturity of greater than three months on the date of purchase. Short-term investments are recorded at fair market value.

**2. SIGNIFICANT ACCOUNTING POLICIES (cont'd...)**

**Equipment**

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

**Mineral properties**

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

**Foreign currency translation**

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

**Stock-based compensation**

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

**Asset retirement obligation**

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

**Loss per share**

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

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

**2. SIGNIFICANT ACCOUNTING POLICIES (cont'd...)**

**Comprehensive Income**

The Company presents comprehensive income and its components on the Consolidated Statements of Operations, Comprehensive Loss and Deficit. Comprehensive income includes both net earnings and other comprehensive income. Other comprehensive income includes holding gains and losses on available for sale investments, gains and losses on certain derivative instruments and foreign currency gains and losses relating to self-sustaining foreign operations, all of which are not included in the calculation of net earnings until realized. During the period ended January 31, 2009, there were no items classified as other comprehensive income.

**Income taxes**

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

**Comparative figures**

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

**Financial instruments**

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

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

### **3. ADOPTION OF NEW ACCOUNTING STANDARDS AND DEVELOPMENTS**

Effective May 1, 2008, the Company adopted the new recommendations of the CICA under CICA Handbook Section 1400 “Assessing Going Concern”, Section 1535 “Capital Disclosures”, Section 3862 “Financial Instruments – Disclosures”, and Section 3863 “Financial Instruments – Presentation”.

#### *Section 1400 – Assessing going concern*

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

#### *Section 1535 – Capital disclosures*

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

- (i) qualitative information about its objectives, policies and processes for managing capital,
- (ii) summary quantitative data about what it manages as capital.
- (iii) whether during the period it complied with any externally imposed capital requirements to which it is subject.
- (iv) when the company has not complied with such externally imposed capital requirements, the consequences of such non-compliance.

#### *Section 3862 – Financial instruments – disclosures*

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

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

- (i) designating financial assets and liabilities as held for trading;
- (ii) designating financial assets as available-for-sale; and
- (iii) determining when impairment is recorded against the related financial asset or when an allowance account is used.



**OREX MINERALS INC.**  
**NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS**  
**JANUARY 31, 2009**

---

**3. ADOPTION OF NEW ACCOUNTING STANDARDS AND DEVELOPMENTS (cont'd...)**

*Section 3863 – Financial instruments - presentation*

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

*International financial reporting standards (“IFRS”)*

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

**4. EQUIPMENT**

---

|                    | January 31, 2009 |                          |                | April 30, 2008 |                          |                |
|--------------------|------------------|--------------------------|----------------|----------------|--------------------------|----------------|
|                    | Cost             | Accumulated Amortization | Net Book Value | Cost           | Accumulated Amortization | Net Book Value |
| Computer equipment | \$ 5,541         | \$ 4,214                 | \$ 1,327       | \$ 5,541       | \$ 3,830                 | \$ 1,711       |

---

**OREX MINERALS INC.**  
**NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS**  
**JANUARY 31, 2009**

**5. MINERAL PROPERTIES**

|                                 | Las Sorpresas,<br>Peru | Santa Cruz,<br>Mexico | Total        |
|---------------------------------|------------------------|-----------------------|--------------|
| Balance, as at, April 30, 2007  | \$ 87,633              | \$ -                  | \$ 87,633    |
| Acquisition costs               | -                      | 1,111,100             | 1,111,100    |
| Write-off                       | (87,633)               | -                     | (87,633)     |
| Advances on equipment           | -                      | 506,750               | 506,750      |
| Balance, as at April 30, 2008   | -                      | 1,617,850             | 1,617,850    |
| Acquisition costs               | -                      | 477,600               | 477,600      |
| Balance, as at January 31, 2009 | \$ -                   | \$ 2,095,450          | \$ 2,095,450 |

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

**Las Sorpresas, Peru**

Pursuant to an agreement dated February 20, 2004, the Company was granted an option to acquire a 51% undivided interest in certain mineral claims situated in Peru, known as the "Las Sorpresas" property. In fiscal 2004, the Company paid US\$15,000 and issued 250,000 shares at \$0.27 per share and a further 200,000 shares were required to be issued in stages for the property. Subsequent to April 30, 2008, the Company decided not to continue with exploration and consequently mineral property costs of \$87,633 were written-off during fiscal 2008.

**OREX MINERALS INC.**  
**NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS**  
**JANUARY 31, 2009**

**5. MINERAL PROPERTIES (cont'd...)**

**Santa Cruz, Mexico**

The Company was granted an option to acquire up to a 75% interest in the Santa Cruz property in Durango, Mexico pursuant to which the Company issued 500,000 common shares valued at \$245,000 and paid \$866,100 during fiscal 2008. To acquire an initial 50% interest, the Company is required to issue an additional 500,000 common shares and pay US\$800,000 by November 1, 2008. The Company has issued the 500,000 common shares and \$452,600 (US\$450,000) was paid in the first quarter of fiscal 2009. The Company is required to make an additional cash payment by November 1, 2009 to bring the value of cash payments made and shares issued to total US\$4,000,000. The Company is also required to incur annual exploration expenditures of US\$500,000 for a total period of four years to November 1, 2011.

To acquire an additional 25% interest, the Company is required to pay US\$1,500,000 and issue common shares valued at US\$500,000 by November 1, 2010 and pay US\$1,500,000 and issue common shares valued at US\$500,000 by November 1, 2011, to bring the total value of cash payments and share issuances to US\$4,000,000, subject to regulatory approval. Should the Company not meet the conditions to earn the additional 25% interest in the property, the optionor will have the option to reacquire the 50% interest in the property, if earned, for the greater of US\$4,000,000 or the Company's costs incurred to the date of the exercise. Should any mining operations be conducted on the property, the Company will receive 50% of all profits and the property is subject to a 2% net smelter returns royalty. The Company has incurred exploration expenditures totaling \$2,349,399 to January 31, 2009.

*Advances on equipment*

Pursuant to the option agreement, the Company paid \$506,750 (US\$500,000) to the optionor to be used for the refurbishment of equipment and machinery on the property, such amount included in mineral properties in fiscal 2008.

**6. SHARE CAPITAL AND CONTRIBUTED SURPLUS**

|   | Number<br>of Shares | Share<br>Capital | Contributed<br>Surplus |
|---|---------------------|------------------|------------------------|
| Authorized  |                     |                  |                        |
| Unlimited number of common shares without par value |                     |                  |                        |
| Balance at April 30, 2007                           | 32,123,420          | 6,224,003        | 1,496,118              |
| Private placements                                  | 8,000,000           | 1,200,000        | -                      |
| Finders Fees  | 397,500             | 59,625           | -                      |
| Mineral properties                                  | 550,000             | 260,500          | -                      |
| Options exercised                                   | 175,000             | 48,000           | (10,750)               |
| Warrants exercised                                  | 2,640,000           | 897,284          | (235,784)              |
| Stock-based compensation                            | -                   | -                | 324,926                |
| Share issuance costs                                | -                   | (73,957)         | -                      |

- Continued -

**OREX MINERALS INC.**  
**NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS**  
**JANUARY 31, 2009**

**6. SHARE CAPITAL AND CONTRIBUTED SURPLUS (cont'd...)**

|                             | Number<br>of Shares | Share<br>Capital    | Contributed<br>Surplus |
|-----------------------------|---------------------|---------------------|------------------------|
| <i>Continued...</i>         |                     |                     |                        |
| Balance at April 30, 2008   | 43,885,920          | 8,615,455           | 1,574,510              |
| Mineral properties          | 500,000             | 25,000              | -                      |
| Warrants exercised          | 3,505,550           | 950,896             | (249,786)              |
| Stock-based compensation    | <u>-</u>            | <u>-</u>            | <u>106,685</u>         |
| Balance at January 31, 2009 | <u>47,891,470</u>   | <u>\$ 9,591,351</u> | <u>\$ 1,431,409</u>    |

**Private placements**

During fiscal 2008:

On June 4, 2007, the Company issued 8,000,000 units at \$0.15 per unit for gross proceeds of \$1,200,000 under a non-brokered private placement. Each unit consisted of one common share and one half of one share purchase warrant. Each whole share purchase warrant entitles the holder thereof to purchase one additional common share for 24 months from the date of closing at a price of \$0.20 per common share. The full value of \$1,200,000 was assigned to the common shares based on their fair values at the closing date of the private placements. In connection with the private placement, the Company issued 397,500 units valued at \$59,625 as a commission with terms similar to those issued under the private placement. The Company incurred cash share issuance costs of \$14,332 on the private placement.

**Stock options and warrants**

The Company has a plan to grant stock options to directors, officers, employees and consultants of the Company. Under the plan, the board of directors has the discretion to issue the equivalent of up to 10% of the issued and outstanding shares of the Company from time to time. Stock options are generally for a term of up to five years from the date granted and are exercisable at a price that is not less than the market price on the date granted. Vesting terms are determined at the discretion of the board of directors.

**OREX MINERALS INC.**  
**NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS**  
**JANUARY 31, 2009**

**6. SHARE CAPITAL AND CONTRIBUTED SURPLUS (cont'd...)**

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

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

|                               | Warrants    |                                 | Stock options |                                 |
|-------------------------------|-------------|---------------------------------|---------------|---------------------------------|
|                               | Number      | Weighted Average Exercise Price | Number        | Weighted Average Exercise Price |
| Outstanding, April 30, 2007   | 9,144,210   | 0.30                            | 2,492,000     | 0.39                            |
| Granted                       | 4,198,750   | 0.20                            | 1,565,000     | 0.27                            |
| Exercised                     | (2,640,000) | 0.25                            | (175,000)     | 0.21                            |
| Expired                       | (795,060)   | 0.30                            | -             | -                               |
| Outstanding, April 30, 2008   | 9,907,900   | 0.27                            | 3,882,000     | 0.35                            |
| Granted                       | -           | -                               | 700,000       | 0.15                            |
| Exercised                     | (3,505,550) | 0.20                            | -             | -                               |
| Expired                       | (2,353,600) | 0.50                            | -             | -                               |
| Forfeited                     | -           | -                               | (45,000)      | 0.39                            |
| Outstanding, January 31, 2009 | 4,048,750   | \$ 0.20                         | 4,537,000     | \$ 0.32                         |
| Number currently exercisable  | 4,048,750   | \$ 0.20                         | 4,537,000     | \$ 0.32                         |

The following options and warrants to acquire common shares of the Company were outstanding at January 31, 2009:

|                 | Number of Shares | Exercise Price | Expiry Date        |
|-----------------|------------------|----------------|--------------------|
| <b>Options</b>  |                  |                |                    |
|                 | 574,000          | \$ 0.40        | June 7, 2009       |
|                 | 100,000          | 0.33           | November 2, 2009   |
|                 | 111,000          | 0.30           | March 23, 2010     |
|                 | 92,000           | 0.25           | May 6, 2010        |
|                 | 1,205,000        | 0.43           | September 11, 2011 |
|                 | 200,000          | 0.43           | November 6, 2011   |
|                 | 25,000           | 0.35           | May 9, 2012        |
|                 | 1,530,000        | 0.27           | September 27, 2012 |
|                 | 200,000          | 0.26           | June 17, 2013      |
|                 | 250,000          | 0.10           | December 19, 2013  |
|                 | 250,000          | 0.11           | January 30, 2011   |
| <b>Warrants</b> |                  |                |                    |
|                 | 4,048,750        | 0.20           | June 4, 2009       |

**OREX MINERALS INC.**  
**NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS**  
**JANUARY 31, 2009**

**6. SHARE CAPITAL AND CONTRIBUTED SURPLUS (cont'd...)**

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

On January 7, 2009, the Company announced that it intends to reduce the exercise price of 3,787,000 incentive stock options (with exercise prices of \$0.26 to \$0.43) to \$0.10 per share, subject to TSX Venture Exchange acceptance, as well as, in the case of insiders of the Company, the approval of disinterested shareholders. The Company intends to seek such disinterested shareholder approval at its next annual general meeting scheduled for September 2009. Accordingly each of the subject option holders will have the exercise price of their options reduced to \$0.10 per share.

**Stock-based compensation**

During the first nine months of fiscal 2009, the Company granted 700,000 (2008 – 1,565,000) stock options to directors, officers and consultants of the Company. The weighted average fair values of options granted are calculated using the Black-Scholes option-pricing model. The weighted average fair value per option was \$0.10 (2008 - \$0.20).

|                                 | Nine months ended<br>January 31, 2009 | Nine months ended<br>January 31, 2008 |
|---------------------------------|---------------------------------------|---------------------------------------|
| Expected option lives           | 3.9 years                             | 5.0 years                             |
| Risk-free interest rate         | 2.14%                                 | 4.26%                                 |
| Expected dividend yield         | 0%                                    | 0%                                    |
| Expected stock price volatility | 104%                                  | 95%                                   |

During the first nine months of fiscal 2009, the Company recognized \$106,685 (2008 - \$247,801) of compensation cost which has been recorded in stock-based compensation expense.

**7. SUPPLEMENTAL DISCLOSURE WITH RESPECT TO CASH FLOWS**

|  | Nine months ended<br>January 31, 2009 | Nine months ended<br>January 31, 2008 |
|--|---------------------------------------|---------------------------------------|
| Cash paid during the period for interest     | \$ -                                  | \$ -                                  |
| Cash paid during the period for income taxes | \$ -                                  | \$ -                                  |

Significant non-cash transactions during fiscal 2009 included:

- a) Issuing 500,000 common shares valued at \$25,000 pursuant to the acquisition of a mineral property.

Significant non-cash transactions during fiscal 2008 included:

- b) Issuing 550,000 common shares valued at \$260,500 pursuant to the acquisition of mineral properties.
- c) Issuing 397,500 units at a value of \$59,625 as finder's fees for a private placement.

**8. CAPITAL MANAGEMENT**

The Company defines capital as all components of shareholders' equity. The Company has no debt obligations. The board of directors does not establish quantitative return on capital criteria for management due to the nature of the Company's business. The Company does not pay dividends. The Company is not subject to any externally imposed capital requirements.

The Company raises capital to fund its corporate and exploration costs through the sale of its common shares or units consisting of common shares and warrants.

**9. RELATED PARTY TRANSACTIONS**

The Company entered into the following transactions with related parties:

- a) Paid or accrued management fees of \$127,300 (2008 - \$121,600) to companies controlled by officers of the Company.
- b) Paid or accrued rent of \$55,170 (2008 - \$54,120) to a company with common directors.
- c) Paid or accrued fees of \$29,672 (2008 - \$3,600) to companies controlled by directors. These amounts were included in exploration expenditures.

These transactions have been in the normal course of operations and are recorded at their exchange amounts, which is the consideration agreed upon by the related parties.

**10. FINANCIAL INSTRUMENTS**

- a) Fair value of financial instruments

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

- b) Concentrations of business risk

The Company maintains a majority of its cash with a major Canadian financial institution. The Company maintains the remainder of its cash with a major Mexican financial institution. Deposits held with these institutions may exceed the amount of insurance provided on such deposits.

As the Company operates in an international environment, some of the Company's transactions are denominated in currencies other than the Canadian dollar. Fluctuations in the exchange rates between these currencies and the Canadian dollar could have a material effect on the Company's business, financial condition and results of operations. The Company does not engage in any hedging activity.

**OREX MINERALS INC.**  
**NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS**  
**JANUARY 31, 2009**

---

**10. FINANCIAL INSTRUMENTS (cont'd...)**

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 input value-added tax (IVA) and goods and services tax (GST), which are recoverable from the governing body in Mexico and Canada respectively. As the Company's exploration operations are conducted solely in Mexico, the Company's operations are also subject to the economic risk associated with that country.

d) Foreign Exchange Risk

A significant portion of the Company's operational transactions are originally or effectively denominated in US dollars. As well, because the Company's primary operations are in Mexico, some costs are denominated in Mexican pesos. Accordingly, the results of 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 exchange rates at the period-end close for \$ 1.00 Canadian Dollar are as follows:

January 31, 2009: \$ 0.8153 US dollars  
\$ 11.5929 Mexican pesos

April 30, 2008: \$ 0.9871 US dollars  
\$ 10.3604 Mexican pesos

e) 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.

f) 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.

g) Sensitivity Analysis

Based on management's knowledge and experience of the financial markets, the Company believes the following movements are "reasonably possible" over a three month period.

- i. Cash deposits earn interest at rates which are variable. A plus or minus 1% change in interest rates would affect loss and comprehensive loss for the upcoming quarter by approximately \$500.
- ii. The Company's exploration expenditures are primarily incurred in US dollars. A plus or minus 1% change in US dollar exchange rates would affect loss and comprehensive loss for the upcoming quarter by approximately \$4,500.



**OREX MINERALS INC.**  
NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS  
JANUARY 31, 2009

---

---

**11. COMMITMENTS**

Pursuant to the terms of the option agreement for the Santa Cruz property, the Company had commitments to make cash payments, issue shares and incur exploration expenditures on the property within the time periods specified in the agreement, summarized in Note 5.

However, due to the recent world economic instability, in the third quarter of 2009, Silverex and the Company discussed and agreed to suspend each other's commitments per their option agreement and to discuss amendments to best sustain their mutual objectives under these unusual economic and market conditions. The Company has reiterated its strong interest in the Santa Cruz property.

**12. SEGMENTED INFORMATION**

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

---

|                                  | January 31,<br>2009 | April 30,<br>2008   |
|----------------------------------|---------------------|---------------------|
| Mineral properties and equipment |                     |                     |
| Canada                           | \$ 1,327            | \$ 1,711            |
| Mexico                           | <u>2,095,450</u>    | <u>1,617,850</u>    |
|                                  | <u>\$ 2,096,905</u> | <u>\$ 1,619,561</u> |

---

---

**13. SUBSEQUENT EVENTS**

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