OREX MINERALS INC.

Consolidated Interim Financial Statements
July 31, 2010

Notice to Reader:

Under National Instrument 51-102, Part 4, subsection 4.3(3)(a), if an auditor has not performed a review of the interim financial statements, they must be accompanied by a notice indicating that the interim financial statements have not been reviewed by an auditor.

The accompanying unaudited interim financial statements of the Company have been prepared by and are the responsibility of the Company's management.

The Company's independent auditor has not performed a review of these interim financial statements in accordance with the standards established by the Canadian Institute of Chartered Accountants for a review of financial statements by an entity's auditor.

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

	July 31, 2010 (Unaudited)	April 30, 2010
ASSETS		
Current assets		
Cash	$ 484,984	$ 1,349,967
Receivables	232,324	131,603
Prepaid expenses	97,573	149,615
	814,881	1,631,185
Mineral properties (Note 3)	2,090,000	2,090,000
	$ 2,904,881	$ 3,721,185
LIABILITIES AND SHAREHOLDERS' EQUITY		
Current liabilities		
Accounts payable and accrued liabilities	$ 316,721	$ 103,629
Shareholders' equity		
Share capital (Note 4)	17,299,707	17,215,312
Contributed surplus (Note 4)	2,396,209	2,407,031
Deficit	(17,107,756)	(16,004,787)
	2,588,160	3,617,556
	$ 2,904,881	$ 3,721,185

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

On behalf of the Board of Directors:

/s/ Gary Cope Director
Gary Cope

/s/ Rick Sayers Director
Rick Sayers

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

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

	Three months ended July 31, 2010	Three months ended July 31, 2009
EXPLORATION EXPENSES		
Drilling	$ 474,188	$ 318,867
Geological	133,817	108,314
Assay	61,330	68,702
Site costs	-	259,999
General exploration	150,587	42,201
	819,922	798,083
GENERAL EXPENSES		
Amortization	-	90
Consulting fees	15,000	15,000
Investor relations	95,422	71,523
Management fees	54,300	42,100
Office and administrative	28,635	17,666
Professional fees	8,119	5,560
Rent	18,000	24,390
Stock-based compensation (Note 4)	14,823	579
Transfer agent and filing fees	2,426	1,837
Travel and entertainment	41,334	9,327
	278,059	188,072
Loss before other items	(1,097,981)	(986,155)
OTHER ITEMS		
Foreign exchange gain (loss)	(6,073)	24,238
Interest income	1,085	-
Loss and comprehensive loss for the period	(1,102,969)	(961,917)
Deficit, beginning of period	(16,004,787)	(10,814,746)
Deficit, end of period	$ (17,107,756)	$ (11,776,663)
Basic and diluted loss per common share	$ (0.01)	$ (0.01)
Weighted average number of common shares outstanding	113,885,111	67,254,466

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

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

	Three months ended July 31, 2010	Three months ended July 31, 2009
CASH FLOWS FROM OPERATING ACTIVITIES		
Net loss for the period	$ (1,102,969)	$ (961,917)
Items not involving cash		
Amortization	-	90
Stock-based compensation expense	14,823	579
Change in operating assets and liabilities:		
(Increase) decrease in receivables	(100,721)	(55,399)
(Increase) decrease in prepaid expenses	52,042	7,042
Increase (decrease) in accounts payable and accrued liabilities	213,092	265,137
Net cash flows used in operating activities	(923,733)	(744,468)
CASH FLOWS FROM FINANCING ACTIVITIES		
Subscriptions received in advance	-	(485,000)
Issuance of share capital	58,750	815,000
Share issue costs	-	(12,174)
Net cash provided by financing activities	58,750	317,826
Change in cash during the period	(864,983)	(426,642)
Cash, beginning of period	1,349,967	510,362
Cash, end of period	$ 484,984	$ 83,720

Supplemental disclosure with respect to cash flows (Note 6)

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

1. NATURE AND CONTINUANCE OF OPERATIONS

Orex Minerals Inc. (the "Company") was incorporated under the laws of the Province of British Columbia, Canada on April 25, 1996. The Company's principal business activities include the acquisition and exploration of mineral properties in Mexico.

The Company is in the exploration stage and has not yet determined whether any of these properties contain ore reserves that are economically recoverable. The amounts shown for mineral properties do not necessarily represent present or future values. The recoverability of the amounts shown for mineral properties is dependent upon the existence of economically recoverable reserves, the ability of the Company to obtain necessary financing to complete the development of those reserves and upon future profitable production.

These consolidated interim 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 the inability to raise additional financing may impact the future assessment of the Company as a going concern. The Company's ability to continue as a going concern is dependent upon its ability to attain future profitable operations and to obtain the necessary financing to meet its obligations and repay its liabilities arising from normal business operations when they come due. While the Company has been successful in obtaining its required financing in the past, there is no assurance that such financing will be available in the future. These consolidated interim financial statements do not include any adjustments to the amounts and classification of assets and liabilities that might be necessary should the Company not be able to continue as a going concern.

2. SIGNIFICANT ACCOUNTING POLICIES

Principles of consolidation

These consolidated interim financial statements include the accounts of the Company and its wholly-owned subsidiaries, OVI Exploration de Mexico S.A. de C.V., which was incorporated on August 21, 2007 and Servicios Mineros Orex Silver S.A. de C.V, which was incorporated on July 9, 2010. All significant inter-company balances and transactions have been eliminated upon consolidation.

These consolidated interim financial statements have been prepared following the same accounting policies and methods of computation as the audited consolidated financial statements for the fiscal year ended April 30, 2010, with the adoption of new accounting pronouncements as disclosed herein. These consolidated interim financial statements should be read in conjunction with the audited consolidated financial statements and the notes thereto for the year ended April 30, 2010.

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.

2. SIGNIFICANT ACCOUNTING POLICIES (cont'd…)

Mineral properties

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

Equipment

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

Foreign currency translation

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

Stock-based compensation

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

Asset retirement obligation

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

Loss per share

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

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

2. SIGNIFICANT ACCOUNTING POLICIES (cont'd…)

Income taxes

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

Financial instruments

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.

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.

Additional disclosure on the measurement of fair value of financial instruments has been provided in Note 10, including classification within a three level hierarchy that takes into account the significance of the inputs used in making the fair value measurements. 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).

Adoption of new accounting standards and developments

The Company did not adopt any new accounting standards during the current period.

2. SIGNIFICANT ACCOUNTING POLICIES (cont'd…)

Future accounting pronouncements

International financial reporting standards ("IFRS")

In 2006, the Canadian Accounting Standards Board ("AcSB") published a new strategic plan that will significantly affect financial reporting requirements for Canadian companies. The AcSB strategic plan outlines the convergence of Canadian GAAP with IFRS over an expected five year transitional period. In February 2008, the AcSB announced that 2011 is the changeover date for publicly-listed companies to use IFRS, replacing Canada's own GAAP. The date is for interim and annual financial statements relating to fiscal years beginning on or after January 1, 2011. The Company's 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. The Company has begun assessing the adoption of IFRS for fiscal 2012 and is currently assessing the financial reporting impact of the transition to IFRS and its choices under IFRS 1.

Business Combinations

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

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

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

3. MINERAL PROPERTIES

	Santa Cruz, Mexico	Coneto, Mexico	Total
Balance, as at April 30, 2009	2,095,450	-	2,095,450
Acquisition costs	-	2,090,000	2,090,000
Write-off	(2,095,450)	-	(2,095,450)
Balance, as at April 30, 2010 and July 31, 2010	$ -	$ 2,090,000	$ 2,090,000

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.

Santa Cruz, Mexico

The Company was granted an option to acquire up to a 75% interest in the Santa Cruz property in Durango, Mexico from Silverex S.A. de C.V ("Silverex"). Pursuant to the terms of the option agreement, during fiscal 2008, the Company issued 500,000 common shares valued at $245,000 and paid $866,100. In fiscal 2008, the Company also advanced $506,750 (US$500,000) to the optionor to be used for the refurbishment of equipment and machinery on the property. During fiscal 2009, the Company issued 500,000 additional common shares valued at $25,000 and paid $452,600 (US$450,000) to Silverex. The Company did not complete all required payments under the option agreement and was required to make an additional US$350,000 payment prior to November 1, 2008.

During fiscal 2010, Silverex and the Company entered into negotiations to amend the agreement in the best interests of both parties. While negotiations were underway, the Company instead decided to terminate the option agreement on Santa Cruz and focus exploration efforts on its new Coneto property. The Company communicated its intent to Silverex and negotiated a termination agreement.

Pursuant to the termination agreement, Silverex and the Company agreed to extinguish all outstanding liabilities and commitments to each other and accordingly, a loss on disposal of mineral property of $1,991,810 was charged to operations during fiscal 2010. This charge consisted of a write-off of capitalized costs for Santa Cruz, in the amount of $2,095,450, and a write-off of an account payable to Silverex in the amount of $103,640.

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 11,000,000 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 11,000,000 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.

4. SHARE CAPITAL AND CONTRIBUTED SURPLUS

	Number of Shares		Share Capital		Contributed Surplus
Authorized:					
Unlimited number of common shares without par value					
Issued:					
Balance at April 30, 2009	65,121,470	$	11,172,203	$	1,516,443
Private placement	32,525,000		3,505,000		-
Finders Fees	2,439,375		-		-
Mineral properties	11,000,000		2,090,000		-
Warrants exercised	2,341,375		428,706		-
Options exercised	203,000		63,192		(42,892)
Stock-based compensation	-		-		933,480
Share issuance costs	-		(43,789)		-
Balance at April 30, 2010	113,630,220	$	17,215,312	$	2,407,031
Warrants exercised	325,000		48,750		-
Options exercised	100,000		35,645		(25,645)
Stock-based compensation	-		-		14,823
Balance at July 31, 2010	114,055,220	$	17,299,707	$	2,396,209

Private placements

On June 22, 2009, the Company issued 2,525,000 units at $0.20 per unit for gross proceeds of $505,000 under a non-brokered private placement. Each unit consisted of one common share and one half of one non-transferable share purchase warrant. Each whole share purchase warrant entitles the holder thereof to purchase one additional common share for 24 months from the date of closing at a price of $0.30 per common share. The full value of $505,000 was assigned to the common shares. In connection with the private placement, the Company issued 189,375 units valued at $37,875 as a commission with terms similar to those issued under the private placement. The Company incurred cash share issuance costs of $12,174 on the private placement. The Company received share subscriptions of $485,000 toward this private placement during fiscal 2009.

On October 14, 2009, the Company issued 30,000,000 units at $0.10 per unit for gross proceeds of $3,000,000 under a non-brokered private placement. Each unit consisted of one common share and one half of one non-transferable share purchase warrant. Each whole share purchase warrant entitles the holder thereof to purchase one additional common share for 24 months from the date of closing at a price of $0.15 per common share. The full value of $3,000,000 was assigned to the common shares. In connection with the private placement, the Company issued 2,250,000 units valued at $225,000 as a commission with terms similar to those issued under the private placement. The Company incurred cash share issuance costs of $31,615 on the private placement.

Stock options and warrants

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

4. 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, 2009	21,218,750	$	0.16	4,537,000	$	0.22
Granted	17,482,187		0.16	6,050,000		0.20
Exercised	(2,341,375)		0.18	(203,000)		0.10
Expired	(2,468,750)		0.20	(50,000)		0.40
Forfeited	-		-	-		-
Outstanding, April 30, 2010	33,890,812	$	0.16	10,334,000	$	0.16
Granted	-		-	350,000		0.18
Exercised	(325,000)		0.15	(100,000)		0.10
Expired	-		-	-		-
Outstanding, July 31, 2010	33,565,812	$	0.16	10,584,000	$	0.16
Number exercisable at July 31, 2010	33,565,812	$	0.16	10,234,000	$	0.16

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

	Number of Shares		Exercise Price	Expiry Date
Options				
	499,000	$	0.10	June 7, 2014 (1)
	100,000		0.10	June 7, 2014(1)
	1,030,000		0.10	September 11, 2011(1)
	150,000		0.43	September 11, 2011
	200,000		0.10	November 6, 2011
	25,000		0.10	May 9, 2012
	1,430,000		0.10	September 27, 2012 (1)
	50,000		0.27	September 27, 2012
	200,000		0.10	June 17, 2013 (1)
	250,000		0.10	December 19, 2013
	250,000		0.11	January 30, 2011
	300,000		0.15	July 17, 2011
	5,750,000		0.20	April 28, 2015
	350,000		0.18	June 9, 2015
Warrants				
	16,716,125		0.15	February 24, 2011
	1,357,187		0.30	June 22, 2011
	15,492,500		0.15	October 14, 2011

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

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

(1) During the fourth quarter of fiscal 2010, a total of 1,970,000 of these options were repriced to $0.10 per share upon receiving disinterested shareholder approval at its annual general meeting on September 29, 2009, resulting in additional stock-based compensation of $52,125.

Stock-based compensation

During the three months ended July 31, 2010, the Company granted 350,000 (2010 – 300,000) stock options to directors, officers or consultants of the Company for stock-based compensation of $14,823 (2010 – $579). During the three months ended July 31, 2010, the weighted average fair value of each option granted was $0.14 (2010 – $0.05) and was calculated using the following weighted average assumptions:

	Three months ended July 31, 2010	Three months ended July 31, 2009
Expected option lives	5 years	2 years
Risk-free interest rate	2.55%	1.27%
Expected dividend yield	0%	0%
Expected stock price volatility	100%	115%

5. CAPITAL MANAGEMENT

The Company defines its capital as cash and all components of shareholders' equity. The Company has no debt obligations. The Board of Directors does not establish quantitative return on capital criteria for management due to the nature of the Company's business. The Company 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 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 current period.

6. SUPPLEMENTAL DISCLOSURE WITH RESPECT TO CASH FLOWS

	Three months ended July 31, 2010	Three months ended July 31, 2010
Cash paid during the period for interest	$ -	$ -
Cash paid during the period for income taxes	$ -	$ -

Significant non-cash transactions during fiscal 2010 included:

a) Issuing 11,000,000 common shares valued at $2,090,000 pursuant to the acquisition of mineral properties (Note 3).

b) Issuing 2,439,375 units at a value of $262,875 as finder's fees for private placements (Note 4).

7. RELATED PARTY TRANSACTIONS

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

a) Paid or accrued management fees of $54,300 (2010 - $42,100) to companies controlled by officers of the Company.

b) Paid or accrued rent of $18,000 (2010 - $24,390) to a company with common directors.

c) Paid or accrued fees of $15,000 (2010 - $15,000) 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.

8. FINANCIAL INSTRUMENTS

Fair value of financial instruments

The Company has various financial instruments including cash, receivables, and accounts payable and accrued liabilities. 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.

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. Deposits held with these institutions may exceed the amount of insurance provided on such deposits.

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

Credit risk

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

Liquidity risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due. The Company manages liquidity risk through the management of its capital structure (Note 5).

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

Foreign exchange risk

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

The Company's exposure to foreign currency risk is on its cash, receivables and accounts payable and accrued liabilities. At July 31, 2010, a hypothetical change of 10% in the foreign exchange rate between the Canadian dollar and US dollar would have a $10,000 effect on loss and comprehensive loss while a hypothetical change of 10% in the foreign exchange rate between the Canadian dollar and the Mexican Peso would have a $20,000 effect.

9. FINANCIAL INSTRUMENTS (cont'd…)

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, 2010, a hypothetical change of 1% in the interest rate would have a $1,000 effect on net loss and comprehensive loss for the upcoming quarter.

Price risk

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

10. SEGMENTED INFORMATION

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

	July 31, 2010	April 30, 2010
Mineral properties		
Mexico	$ 2,090,000	$ 2,090,000

11. SUBSEQUENT EVENT

Subsequent to July 31, 2010, the Company announced that it is proposing a consolidation of its issued and outstanding common shares on the basis of one new common share for every five common shares currently issued and outstanding. The share consolidation is subject to approval by the TSX Venture Exchange and the Company's shareholders. The Company's shareholders will vote on the share consolidation at the annual general and special meeting on October 8, 2010.