# OREX MINERALS INC.
**(An Exploration Stage Company)**

## Condensed Consolidated Interim Financial Statements
**(Unaudited - Expressed in Canadian Dollars)**

**January 31, 2014**

**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 condensed consolidated interim financial statements, they must be accompanied by a notice indicating that the condensed consolidated interim financial statements have not been reviewed by an auditor.

The accompanying unaudited condensed consolidated 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 condensed consolidated 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)**
**CONDENSED CONSOLIDATED INTERIM STATEMENTS OF FINANCIAL POSITION**
**As at January 31, 2014 and April 30, 2013**
**(Unaudited - Expressed in Canadian Dollars)**

| | January 31, 2014 $ | April 30, 2013 $ |
|---|---|---|
| **Assets** | | |
| **Current** | | |
| Cash | 1,558,869 | 574,468 |
| Receivables | 272,418 | 346,619 |
| Prepaid expenses and deposits | 95,223 | 152,288 |
| | 1,926,510 | 1,073,375 |
| **Deposit** | 71,043 | 65,043 |
| **Exploration and evaluation assets** (Note 6) | 12,180,366 | 12,005,835 |
| | 14,177,919 | 13,144,253 |
| **Liabilities** | | |
| **Current** | | |
| Accounts payable and accrued liabilities | 847,541 | 679,634 |
| Current portion of deferred consideration (Note 4) | - | 2,952,209 |
| | 847,541 | 3,631,843 |
| **Deferred consideration** (Note 4) | - | 871,823 |
| | 847,541 | 4,503,666 |
| **Shareholders' equity** | | |
| Share capital (Note 7) | 39,094,761 | 33,842,338 |
| Reserves (Note 7) | 4,046,653 | 3,343,114 |
| Deficit | (29,811,036) | (28,544,865) |
| | 13,330,378 | 8,640,587 |
| | 14,177,919 | 13,144,253 |

**Nature and continuance of operations** (Note 1)
**Commitments** (Note 10)
**Events after the reporting date** (Note 14)

**Approved by the Board of Directors and authorized for issue on March 26, 2014:**

| | |
|---|---|
| *"Gary Cope"* | *"Rick Sayers"* |
| ………………………………………………… Director | ………………………………………………… Director |
| Gary Cope | Rick Sayers |

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

**OREX MINERALS INC.**

**(An Exploration Stage Company)**

**CONDENSED CONSOLIDATED INTERIM STATEMENTS OF OPERATIONS AND COMPREHENSIVE LOSS**

**Three and Nine Months Ended January 31, 2014 and 2013**

**(Unaudited - Expressed in Canadian Dollars)**

| | Three Months Ended January 31, 2014 $ | Three Months Ended January 31, 2013 $ | Nine Months Ended January 31, 2014 $ | Nine Months Ended January 31, 2013 $ |
|---|---|---|---|---|
| **Exploration Expenses** | | | | |
| Drilling | - | - | - | 105,064 |
| Geological | 213,379 | 206,751 | 610,351 | 547,089 |
| Assay | 2,413 | 17,740 | 42,632 | 207,222 |
| General exploration | 125,974 | 12,072 | 248,814 | 106,563 |
| | 341,766 | 236,563 | 901,797 | 965,938 |
| **General Expenses** | | | | |
| Consulting fees | 53,333 | - | 53,333 | - |
| Investor relations | 166,733 | 128,750 | 420,784 | 367,564 |
| Management fees | 103,390 | 43,500 | 289,690 | 124,700 |
| Office and miscellaneous | 97,290 | 37,306 | 312,429 | 109,127 |
| Professional fees | 75,868 | 122,559 | 279,003 | 291,228 |
| Rent | 50,668 | 18,000 | 109,992 | 54,000 |
| Share-based payments (Note 7) | 349,797 | 1,810 | 349,797 | 24,902 |
| Transfer agent and filing fees | 19,930 | 6,405 | 36,114 | 18,541 |
| Travel and entertainment | 25,033 | 36,929 | 172,074 | 186,442 |
| | 942,042 | 395,259 | 2,023,216 | 1,176,504 |
| **Loss before other items** | (1,283,808) | (631,822) | (2,925,013) | (2,142,442) |
| **Other Items** | | | | |
| Interest expense on deferred consideration (Note 4) | - | (66,315) | (64,833) | (196,516) |
| Foreign exchange gain (loss) on deferred consideration (Note 4) | - | 5,930 | (85,541) | (32,940) |
| Other foreign exchange gain (loss) | 23,536 | 6,310 | 4,264 | (15,355) |
| Gain on settlement of deferred consideration (Note 4) | - | - | 1,804,291 | - |
| Interest income | - | 2,012 | 661 | 3,697 |
| | 23,536 | (52,063) | 1,658,842 | (241,114) |
| **Loss and comprehensive loss for period** | (1,260,272) | (683,885) | (1,266,171) | (2,383,556) |
| **Basic and diluted loss per common share** | (0.02) | (0.02) | (0.02) | (0.06) |
| **Weighted average number of common shares outstanding** | 57,790,844 | 44,562,479 | 70,125,733 | 42,008,227 |

**OREX MINERALS INC.**
**(An Exploration Stage Company)**
**CONDENSED CONSOLIDATED INTERIM STATEMENT OF CHANGES IN EQUITY**
**At January 31, 2014**
**(Unaudited - Expressed in Canadian Dollars)**

| | Common Shares # | Share Capital $ | Reserves $ | Deficit $ | Total Equity $ |
|---|---|---|---|---|---|
| **Balance, April 30, 2012** | 39,801,179 | 29,238,448 | 3,352,764 | (25,349,733) | 7,241,479 |
| Private placement | 4,706,800 | 2,353,400 | - | - | 2,353,400 |
| Finders' fees | 24,500 | 12,250 | - | - | 12,250 |
| Share issuance costs | - | (73,296) | - | - | (73,296) |
| Options exercised | 30,000 | 49,805 | (34,805) | - | 15,000 |
| Share-based payment | - | - | 24,902 | - | 24,902 |
| Loss and comprehensive loss | - | - | - | (2,383,556) | (2,383,556) |
| **Balance, January 31, 2013** | 44,562,479 | 31,580,607 | 3,342,861 | (27,733,289) | 7,190,179 |
| Private placement | 1,500,000 | 750,000 | - | - | 750,000 |
| Share issuance costs | - | (8,863) | - | - | (8,863) |
| Shares issued for acquisition of subsidiaries (Note 5) | 2,924,220 | 1,520,594 | - | - | 1,520,594 |
| Share-based payment | - | - | 253 | - | 253 |
| Loss and comprehensive loss | - | - | - | (811,576) | (811,576) |
| **Balance, April 30, 2013** | 48,986,699 | 33,842,338 | 3,343,114 | (28,544,865) | 8,640,587 |
| Shares issued for Persistence Property (Note 6) | 150,000 | 42,750 | - | - | 42,750 |
| Finders' fees on Persistence Property (Note 6) | 15,000 | 4,275 | - | - | 4,275 |
| Shares issued for settlement of deferred consideration (Note 4) | 7,500,000 | 1,912,500 | - | - | 1,912,500 |
| Private placement proceeds (Note 7) | 8,228,600 | 1,974,864 | 82,286 | - | 2,057,150 |
| Share issuance costs cash (Note 7) | - | (94,077) | - | - | (94,077) |
| Private placement proceeds (Note 7) | 6,796,900 | 1,427,349 | 271,456 | - | 1,698,805 |
| Share issuance costs | - | (15,238) | - | - | (15,238) |
| Share-based payments (Note 7) | - | - | 349,797 | - | 349,797 |
| Loss and comprehensive loss | - | - | - | (1,266,171) | (1,266,171) |
| **Balance, January 31, 2014** | 71,677,199 | 39,094,761 | 4,046,653 | (29,811,036) | 13,330,378 |

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

**OREX MINERALS INC.**
**(An Exploration Stage Company)**
**CONDENSED CONSOLIDATED INTERIM STATEMENTS OF CASH FLOWS**
**Nine Months Ended January 31, 2014 and 2013**
**(Unaudited - Expressed in Canadian Dollars)**

| | Nine Months Ended January 31, 2014 $ | 2013 $ |
|---|---|---|
| **Operating Activities** | | |
| Net loss for period | (1,266,171) | (2,383,556) |
| Items not involving cash: | | |
| Share-based payment | 349,797 | 24,902 |
| Interest expense on deferred consideration | 64,833 | 196,516 |
| Gain on settlement of deferred consideration | (1,804,291) | - |
| Foreign exchange loss on deferred consideration | 85,541 | 32,940 |
| | (2,570,291) | (2,129,198) |
| Changes in non-cash working capital items: | | |
| (Increase) decrease in receivables | 74,201 | 127,833 |
| (Increase) decrease in prepaid expenses | 57,065 | 61,711 |
| (Increase) decrease in deposits | (6,000) | - |
| Increase (decrease) in accounts payable and accrued liabilities | 167,907 | (429,895) |
| Cash used in operating activities | (2,277,118) | (2,369,549) |
| **Investing Activities** | | |
| Issuance of loan receivable | - | (400,000) |
| Payment for deferred consideration settlement | (257,615) | - |
| Acquisition of exploration and evaluation assets | (127,506) | - |
| Cash used in investing activities | (385,121) | (400,000) |
| **Financing Activities** | | |
| Issuance of share capital | 3,646,640 | 2,307,354 |
| Cash provided by financing activities | 3,646,640 | 2,307,354 |
| **Increase (decrease) in cash during the period** | 984,401 | (462,195) |
| **Cash, beginning of period** | 574,468 | 1,036,929 |
| **Cash, end of period** | 1,558,869 | 574,734 |

**Supplemental disclosure with respect to cash flows** (Note 9)

## 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, Sweden and Canada.

The head office of the Company is located at Suite 1130 - 1055 West Hastings Street, Vancouver, BC, Canada, V6E 2E9. The registered address and records office of the Company is located at Suite 1700, Park Place, 666 Burrard Street, Vancouver, BC, Canada V6C 2X8.

The Company's financial statements and those of its controlled subsidiaries ("condensed consolidated interim financial statements") are presented in Canadian dollars.

The Company is in the process of exploring and evaluating its resource properties and has not yet determined whether any of its properties contain ore reserves that are economically recoverable. The amounts shown for exploration and evaluation assets 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 condensed consolidated interim financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS") with the assumption that the Company will be able to realize its assets and discharge its liabilities in the normal course of business rather than through a process of forced liquidation. The Company has incurred losses from inception and does not currently have the financial resources to sustain operations in the long-term. While the Company has been successful in obtaining its required funding in the past, there is no assurance that such future financing will be available or be available on favourable terms. These uncertainties cast significant doubt upon the Company's ability to continue as a going concern. Management intends to continue to seek funding through the issuance of capital in order to fund future operations.

These condensed consolidated interim financial statements do not include adjustments to amounts and classifications of assets and liabilities that might be necessary should the Company be unable to continue operations. Continued operations of the Company are dependent on the Company's ability to receive financial support, necessary financings, or generate profitable operations in the future.

## 2. BASIS OF PREPARATION

These condensed consolidated interim financial statements, including comparatives, have been prepared in accordance with International Accounting Standard ("IAS") 34, "Interim Financial Reporting" using accounting policies consistent with IFRS as issued by the International Accounting Standards Board ("IASB") and interpretations issued by the International Financial Reporting Interpretations Committee ("IFRIC"). These condensed 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, 2013. These condensed 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, 2013.

## 2. BASIS OF PREPARATION (cont'd...)

These condensed consolidated interim financial statements have been prepared on a historical cost basis, except for deferred consideration classified as other financial liabilities, which is recognized at amortized cost and financial instruments classified as financial instruments at fair value through profit and loss, which are stated at their fair value. In addition, these condensed consolidated interim financial statements have been prepared using the accrual basis of accounting except for cash flow information.

### Critical Accounting Estimates

The preparation of these condensed consolidated interim financial statements requires management to make certain estimates, judgments and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and the reported expenses during the year. Actual results could differ from these estimates.

Significant assumptions about the future and other sources of estimation uncertainty that management has made at the end of the reporting period, that could result in a material adjustment to the carrying amounts of assets and liabilities in the event that actual results differ from assumptions made, relate to, but are not limited to, the following:

a) The recoverability of receivables. The Company considers collectability and historical collection rates in estimating the recoverable amount of receivables. If the recoverable amount of receivables is estimated to be less than the carrying amount, the carrying amount of receivables is reduced to the recoverable amount and an impairment loss is recognized in profit or loss for the period.

b) The carrying value and the recoverability of exploration and evaluation assets, which are included in the statements of financial position. The cost model is utilized and the value of the exploration and evaluation assets is based on the expenditures incurred. At every reporting period, management assesses the potential impairment which involves assessing whether or not facts or circumstances exist that suggest the carrying amount exceeds the recoverable amount.

c) The inputs used in calculating the fair value for share-based payments expense included in profit or loss and share-based share issuance costs included in shareholders' equity. The share-based payments expense is estimated using the Black-Scholes options-pricing model as measured on the grant date to estimate the fair value of stock options. This model involves the input of highly subjective assumptions, including the expected price volatility of the Company's common shares, the expected life of the options, and the estimated forfeiture rate.

d) The valuation of shares issued in non-cash transactions. Generally, the valuation of non-cash transactions is based on the value of the goods or services received. When this cannot be determined, it is based on the fair value of the non-cash consideration. When non-cash transactions are entered into with employees and those providing similar services, the non-cash transactions are measured at the fair value of the consideration given up using market prices.

e) The recognition of deferred tax assets. The Company considers whether the realization of deferred tax assets is probable in determining whether or not to recognize these deferred tax assets.

## 3. SIGNIFICANT ACCOUNTING POLICIES

### Principles of consolidation

These condensed consolidated interim financial statements include the accounts of the Company and its controlled subsidiaries (Note 11). Control exists when the Company has the power, directly or indirectly, to govern the financial and operating policies of an entity so as to obtain benefits from its activities. The financial statements of subsidiaries are included in the consolidated financial statements from the date that control commences until the date that control ceases. All significant intercompany balances and transactions have been eliminated upon consolidation.

### Exploration and evaluation assets

The Company is currently in the exploration stage with all of its mineral interests. Exploration and evaluation costs include the costs of acquiring concessions, costs incurred to explore and evaluate properties, and the fair value, upon acquisition, of mineral properties acquired in a business combination. Costs incurred before the Company has obtained the legal rights to explore an area are recognized in the statement of operations and comprehensive loss.

Exploration and evaluation expenditures are expensed in the period they are incurred except for expenditures associated with the acquisition of exploration and evaluation assets through a business combination or an asset acquisition. Significant property acquisition costs are capitalized only to the extent that such costs can be directly attributed to an area of interest where it is considered likely to be recoverable by future exploitation or sale. Development costs relating to specific properties are capitalized once management has made a development decision.

### Impairment

At the end of each reporting period, the Company’s assets are reviewed to determine whether there is any indication that those assets may be impaired. If such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment, if any. The recoverable amount is the higher of fair value less costs to sell and value in use. Fair value is determined as the amount that would be obtained from the sale of the asset in an arm’s length transaction between knowledgeable and willing parties. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. If the recoverable amount of an asset is estimated to be less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount and the impairment loss is recognized in profit or loss for the period. For an asset that does not generate largely independent cash inflows, the recoverable amount is determined for the cash generating unit to which the asset belongs.

Where an impairment loss subsequently reverses, the carrying amount of the asset (or cash-generating unit) is increased to the revised estimate of its recoverable amount, but to an amount that does not exceed the carrying amount that would have been determined had no impairment loss been recognized for the asset (or cash-generating unit) in prior years. A reversal of an impairment loss is recognized immediately in profit or loss.

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## 3. SIGNIFICANT ACCOUNTING POLICIES (cont'd...)

### Flow-through shares

Canadian Income Tax legislation permits an enterprise to issue securities referred to as flow-through shares, whereby the investor can claim the tax deductions arising from the renunciation of the related resource expenditures. The Company accounts for flow-through shares whereby the premium paid for the flow-through shares in excess of the market value of the shares without flow-through features at the time of issue is credited to other liabilities and included in income at the same time the qualifying expenditures are made.

### Provision for environmental rehabilitation

The Company recognizes liabilities for statutory, contractual, constructive or legal obligations associated with the retirement of exploration and evaluation assets and equipment, when those obligations result from the acquisition, construction, development or normal operation of the assets. The net present value of future rehabilitation cost estimates arising from the decommissioning of plant and other site preparation work is capitalized to mining assets along with a corresponding increase in the rehabilitation provision in the period incurred. Discount rates using a pre-tax rate that reflect the time value of money are used to calculate the net present value. The rehabilitation asset is depreciated on the same basis as mining assets.

The Company's estimates of reclamation costs could change as a result of changes in regulatory requirements, discount rates and assumptions regarding the amount and timing of the future expenditures. These changes are recorded directly to mining assets with a corresponding entry to the rehabilitation provision. The Company's estimates are reviewed annually for changes in regulatory requirements, discount rates, effects of inflation and changes in estimates.

Changes in the net present value, excluding changes in the Company's estimates of reclamation costs, are charged to profit or loss for the period.

### Financial instruments

Financial assets

The Company classifies its financial assets into one of the following categories, depending on the purpose for which the asset was acquired. The Company's accounting policy for each category is as follows:

*Fair value through profit or loss* - This category comprises derivatives, or assets acquired or incurred principally for the purpose of selling or repurchasing it in the near term. They are carried in the statements of financial position at fair value with changes in fair value recognized in the statement of operations and comprehensive loss.

*Loans and receivables* - These assets are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are carried at cost less any provision for impairment. Individually significant receivables are considered for impairment when they are past due or when other objective evidence is received that a specific counterparty will default.

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

**Financial instruments** (cont'd...)

Financial assets (cont'd...)

*Held-to-maturity investments* - These assets are non-derivative financial assets with fixed or determinable payments and fixed maturities that the Company's management has the positive intention and ability to hold to maturity. These assets are measured at amortized cost using the effective interest method. If there is objective evidence that the investment is impaired, determined by reference to external credit ratings and other relevant indicators, the financial asset is measured at the present value of estimated future cash flows. Any changes to the carrying amount of the investment, including impairment losses, are recognized in the statement of operations and comprehensive loss.

*Available-for-sale* - Non-derivative financial assets not included in the above categories are classified as available-for- sale. They are carried at fair value with changes in fair value recognized directly in equity. Where a decline in the fair value of an available-for-sale financial asset constitutes objective evidence of impairment, the amount of the loss is removed from equity and recognized in the statement of operations and comprehensive loss.

All financial assets except for those at fair value through profit or loss are subject to review for impairment at least at each reporting date. Financial assets are impaired when there is any objective evidence that a financial asset or a group of financial assets is impaired. Different criteria to determine impairment are applied for each category of financial assets, which are described above.

Financial liabilities

The Company classifies its financial liabilities into one of two categories, depending on the purpose for which the liability was acquired. The Company's accounting policy for each category is as follows:

*Fair value through profit or loss* - This category comprises derivatives, or liabilities acquired or incurred principally for the purpose of selling or repurchasing it in the near term. They are carried in the statement of financial position at fair value with changes in fair value recognized in the statement of operations and comprehensive loss.

*Other financial liabilities:* This category includes promissory notes, amounts due to related parties and accounts payable and accrued liabilities, all of which are recognized at amortized cost.

The Company has classified its cash as fair value through profit or loss. The Company's receivables are classified as loans and receivables. The Company's accounts payable and accrued liabilities and deferred consideration are classified as other financial liabilities.

## 3. SIGNIFICANT ACCOUNTING POLICIES (cont'd...)

### Foreign exchange

The functional currency is the currency of the primary economic environment in which the entity operates and has been determined for each entity within the Company. The functional currency for all entities within the Company is the Canadian dollar. The functional currency determinations were conducted through an analysis of the consideration factors identified in IAS 21, *The Effects of Changes in Foreign Exchange Rates*.

Transactions in currencies other than the Canadian dollar are recorded at exchange rates prevailing on the dates of the transactions. At the end of each reporting period, the monetary assets and liabilities of the Company that are denominated in foreign currencies are translated at the rate of exchange at the statement of financial position date while non-monetary assets and liabilities are translated at historical rates. Revenues and expenses are translated at the exchange rates approximating those in effect on the date of the transactions. Exchange gains and losses arising on translation are included in the statement of operations and comprehensive loss.

### Share-based payments

The Company grants stock options to acquire common shares of the Company to directors, officers, employees and consultants.

The fair value of stock options granted to directors, officers, employees and consultants is measured on the date of grant, using the Black-Scholes option pricing model, and is recognized over the vesting period as expense, with a corresponding increase in reserves. Consideration paid for the shares on the exercise of stock options is credited to share capital.

In situations where equity instruments are issued to non-employees and some or all of the goods or services received by the entity as consideration cannot be specifically identified, they are measured at the fair value of the share-based payments. Otherwise, share-based payments are measured at the fair value of goods or services received.

### Loss per share

The Company recognizes the dilutive effect on loss per share based 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.

## 3. SIGNIFICANT ACCOUNTING POLICIES (cont'd...)

### Income taxes

Income tax on the profit or loss for the periods presented comprises current and deferred tax. Income tax is recognized in profit or loss except to the extent that it relates to items recognized directly in equity, in which case it is recognized in equity. Current tax expense is the expected tax payable on the taxable income for the year, using tax rates enacted or substantively enacted at period end, adjusted for amendments to tax payable with regards to previous years.

Deferred tax is recorded using the statement of financial position liability method, providing for temporary differences, between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. The following temporary differences are not provided for: goodwill not deductible for tax purposes; the initial recognition of assets or liabilities that affect neither accounting or taxable loss; and differences relating to investments in subsidiaries to the extent that they will probably not reverse in the foreseeable future. The amount of deferred tax provided is based on the expected manner of realization or settlement of the carrying amount of assets and liabilities, using tax rates enacted or substantively enacted at the statement of financial position date.

A deferred tax asset is recognized only to the extent that it is probable that future taxable profits will be available against which the asset can be utilized. To the extent that the Company does not consider it probable that a deferred tax asset will be recovered, it does not recognize the asset.

Additional income taxes that arise from the distribution of dividends are recognized at the same time as the liability to pay the related dividend. Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority and the Company intends to settle its current tax assets and liabilities on a net basis.

### New standards adopted

The following standards were adopted during the period ended January 31, 2014.

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

IFRS 10 replaces 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. The adoption of this standard did not have a material impact on the Company's condensed consolidated interim financial statements.

## 3. SIGNIFICANT ACCOUNTING POLICIES (cont'd...)

**New standards adopted** (cont'd...)

*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. The adoption of this standard did not have a material impact on the Company's condensed consolidated interim financial statements.

*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. The adoption of this standard did not have a material impact on the Company's condensed consolidated interim financial statements.

*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. The adoption of this standard did not have a material impact on the Company's condensed consolidated interim financial statements.

*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 adoption of this standard did not have a material impact on the Company's condensed consolidated interim financial statements.

## 3. SIGNIFICANT ACCOUNTING POLICIES (cont'd...)

**New standards not yet adopted** (cont'd…)

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

*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, 2013. IASB has proposed to move the effective date of IFRS 9 to January 1, 2015.

## 4. ACQUISITION OF SUBSIDIARIES IN 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. 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. Gunnarn Mining's operating results were recognized in the consolidated statements of operations and comprehensive loss beginning April 29, 2011, the effective date of the acquisition.

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 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).

(Expressed in Canadian Dollars - Unaudited)

## 4. ACQUISITION OF SUBSIDIARIES IN SWEDEN (cont'd...)

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, and 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.

The carrying value of deferred consideration at January 31, 2014 was $Nil and at April 30, 2013 was $3,824,032.

| | January 31, 2014 | April 30, 2013 |
|---|---|---|
| Due immediately, US$2,000,000 in cash. | $ - | $2,015,000 |
| Due on April 29, 2014, 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. | - | 937,209 |
| Due on April 29, 2015, 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. | - | 871,823 |
| Total deferred consideration | - | 3,824,032 |
| Current portion of deferred consideration | - | (2,952,209) |
| Long term portion of deferred consideration | $ - | $871,823 |

Barsele Guld will retain a 2% net smelter returns 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.

(Expressed in Canadian Dollars - Unaudited)

## 5. ACQUISITION OF SUBSIDIARIES IN CANADA AND MEXICO

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. Astral, as a result, became a wholly owned subsidiary of the Company and was consolidated for purposes of preparing these condensed consolidated interim 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.

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 Company valued the options and warrants using the Black-Scholes option valuation model, resulting in a fair value of $Nil.

The total consideration for the acquisition of Astral was as follows:

| | | |
|---|---|---|
| Valuation of 2,924,220 common shares issued | $ | 1,520,594 |
| Transaction costs | | 129,200 |
| Advances made by Orex | | 465,939 |
| Total consideration | $ | 2,115,733 |

The allocation of the purchase cost to the subsidiaries' assets and liabilities was as follows:

| | | |
|---|---|---|
| Cash | $ | 19,006 |
| Receivables | | 59,577 |
| Deposits | | 20,000 |
| Exploration and evaluation assets | | 2,304,228 |
| Accounts payable and accrued liabilities | | (287,078) |
| Total | $ | 2,115,733 |

(Expressed in Canadian Dollars - Unaudited)

## 6. EXPLORATION AND EVALUATION ASSETS

| | 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 | - | - | - | 127,506 | 47,025 | 174,531 |
| Balance, as at January 31, 2014 | $ 2,090,000 | $ 7,611,607 | $ 500,000 | $ 1,931,734 | $ 47,025 | $12,180,366 |

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.

### 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.

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 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 (Fresnillo fulfilled this commitment during fiscal 2013). A minimum of 70% of this exploration was required to 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.

## 6. EXPLORATION AND EVALUATION ASSETS (cont'd…)

**Coneto, Mexico** (cont'd…)

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.

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.

**Barsele, Sweden**

On April 29, 2011, the Company completed the final agreement with Barsele Guld to purchase all of the issued and outstanding shares of Gunnarn Mining and its wholly-owned subsidiary, Gunnarn Exploration (Note 4). The 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.

Per the terms of the agreement, the Company agreed to make direct exploration expenditures on the Barsele property as follows:

a) Before the 1st anniversary of completing the final agreement, US$1,000,000 of exploration expenditures (the Company fulfilled this commitment 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 commitment during fiscal 2013).

Barsele Guld will retain a 2% net smelter returns 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.

(Expressed in Canadian Dollars - Unaudited)

**6. EXPLORATION AND EVALUATION ASSETS** (cont'd…)

**Jumping Josephine, Canada**

On February 12, 2013, the Company completed the acquisition of Astral and as a result, acquired a 60% interest in mining claims, collectively known as the Jumping Josephine Property, located in the West Kootenay Mining District of British Columbia, Canada. The remaining 40% interest was held by Kootenay Silver Inc. Subsequent to quarter end on February 3, 2014 the Company acquired the remaining 40% of their Jumping Josephine Property from Kootenay Silver Inc. by issuing 1,000,000 common shares of the Company valued at $230,000.

**Los Crestones, Mexico**

On February 12, 2013, the Company completed the acquisition of Astral and as a result, the Company has the option to acquire a 100% interest in mining claims, collectively known as the Los Crestones Property, located in the Sinaloa State, Mexico.

During the nine months ended January 31, 2014, the Company paid $127,506 (US $120,000) 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 $385,000.

| Fiscal Year | Option Payments |
|---|---|
| July 12, 2014 | US$ 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.

**Persistence Property, Canada**

On June 26, 2013 the Company entered into an option agreement with Cazador Resources Ltd. ("Cazodor") 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 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.

## 7. SHARE CAPITAL AND RESERVES

**Authorized**

Unlimited number of common shares without par value

**Private placements**

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 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, the Company has a commitment to incur $1,386,975 of qualifying flow-through expenditures by December 31, 2014, under the look-back rule. As at January 31, 2014 the Company has incurred $22,287 on qualifying flow-through expenditures.

**7. SHARE CAPITAL AND RESERVES** (cont'd...)

On November 21, 2014, 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 $13,033.

**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.

On February 12, 2013, the Company completed the acquisition of Astral. Astral's stock options and warrants continued to exist after the closing of the transaction but were exercisable into common shares of the Company at prices that were adjusted in accordance with the exchange ratio used for the transaction. All of Astral's options expired unexercised during the nine months ended January 31, 2014.

(Expressed in Canadian Dollars - Unaudited)

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 | (2,030,550) | 0.75 | (132,659) | 1.23 |
| Cancelled | | | (482,800) | 0.91 |
| Granted | 7,057,500 | 0.30 | 2,360,000 | 0.25 |
| Outstanding, January 31, 2014 | 11,483,342 | 0.68 | 5,231,000 | 0.55 |
| Exercisable at January 31, 2014 | 11,483,342 | $ 0.68 | 4,931,000 | $ 0.57 |

The following stock options to acquire common shares of the Company were outstanding at January 31, 2014:

| | Number of Shares | Exercise Price | Expiry Date |
|---|---|---|---|
| **Options** | | | |
| | 75,000 | 0.74 | February 17, 2014[(1)] |
| | 107,000 | 0.50 | June 7, 2014 |
| | 780,000 | 1.00 | April 28, 2015 |
| | 70,000 | 0.90 | June 9, 2015 |
| | 1,839,000 | 0.74 | February 17, 2017 |
| | 2,360,000 | 0.25 | January 17, 2019 |

(1) Subsequent to January 31, 2014, a total of 75,000 options expired unexercised.

(Expressed in Canadian Dollars - Unaudited)

## 7. SHARE CAPITAL AND RESERVES (cont'd...)

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

The following warrants to acquire common shares of the Company were outstanding at January 31, 2014:

| | Number of Shares | Exercise Price | Expiry Date |
|---|---|---|---|
| **Warrants** | | | |
| | 21,842 | 1.26 | March 5, 2014 (1) |
| | 106,752 | 3.60 | April 29, 2014 |
| | 1,250,000 | 1.00 | February 8, 2014 (1) |
| | 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 |

(1) Subsequent to January 31, 2014, a total of 1,271,842 warrants expired unexercised.

**Share-based payments**

During the nine months ended January 31, 2013 the Company granted 2,360,000. During the nine months ended January 31, 2013 the Company granted 75,000 stock options to a consultant of the Company. The weighted average fair values of options granted are calculated using the Black-Scholes option pricing model. During the nine months ended January 31, 2014, the weighted average fair value of each option granted was $0.17 and was calculated using the following weighted average assumptions:

| | Nine Months Ended January 31, 2014 | Nine Months Ended January 31, 2013 |
|---|---|---|
| Expected option lives | 4 | 2 years |
| Risk-free interest rate | 1.4% | 1.3% |
| Expected dividend yield | 0% | 0% |
| Expected stock price volatility | 120% | 79% |

The share-based payments expense for stock options in the nine months ended January 31, 2014 was $349,797 (2013 - $24,902).

## 8. CAPITAL MANAGEMENT

The Company defines its capital as 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 share capital, 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.

## 9. SUPPLEMENTAL DISCLOSURE WITH RESPECT TO CASH FLOWS

Significant non-cash transactions during the nine months ended January 31, 2014 included:

a) Issuing 165,000 common shares valued at $47,025 to acquire the Persistence Property (Note 6).

b) Issuing 7,500,000 common shares for settlement of deferred consideration valued at $1,912,500 (Note 4)

c) Issued 7,507,500 warrants valued at $353,742 (Note 7)

Significant non-cash transactions during the nine months ended January 31, 2013 included:

a) Issuing 24,500 common shares valued at $12,250 as payment of commission (Note 7).

b) 30,000 options were exercised with fair value of $24,902

(Expressed in Canadian Dollars - Unaudited)

## 10. 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 $385,000.

| Fiscal Year | Option Payments |
|---|---|
| 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 $547,665.

| Fiscal Year | Lease Payments |
|---|---|
| 2014 | $ 48,558 |
| 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, 2014, under the look-back rule. As at January 31, 2013 the Company has incurred $22,289 on qualifying flow-through expenditures.

(Expressed in Canadian Dollars - Unaudited)

## 11. 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 |

During the nine months ended January 31, 2014, 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 $123,750 (2013 - $63,000) to a management company controlled by the CEO and director of the Company.

b) Paid or accrued management fees of $113,400 (2013 - $41,000) to a management company controlled by the CFO and director of the Company.

c) Paid or accrued management fees of $37,600 (2013 - $ 20,700) to the Corporate Secretary of the Company.

d) Paid or accrued fees of $132,750 (2013 - $45,000) to a management company controlled by a director of the Company. These amounts were included in exploration expenditures.

e) Paid or accrued fees of $16,000 (2013 - $36,000) 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 $127,750 (2013 - $ 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 January 31, 2014 is $167,818.36 (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.

## 12. 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).

### 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.

### 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.

### 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.

### 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.

## 12. FINANCIAL AND CAPITAL RISK MANAGEMENT (cont'd…)

**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 January 31, 2014, 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 $4,300 effect; a hypothetical change of 10% in the foreign exchange rate between the Canadian dollar and the Swedish Krona would have an $4,700 effect.

**Interest rate risk**

The Company has interest rate risk arising from its bank deposits. The Company does not engage in any hedging activity to reduce its exposure to interest rate risk. Based on bank deposit balances at January 31, 2014, a hypothetical change of 1% in the interest rate would have a $3,897 effect on net loss and comprehensive loss in 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.

## 13. SEGMENTED INFORMATION

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

| | January 31, 2014 | April 30, 2013 |
|---|---|---|
| Exploration and evaluation assets | | |
| Mexico | $ 4,021,734 | $ 3,894,228 |
| Sweden | 7,611,607 | 7,611,607 |
| Canada | 547,025 | 500,000 |

## 14. EVENTS AFTER THE REPORTING DATE

Subsequent to the quarter ended January 31, 2014 the following occurred:

a) On February 3, 2014 the Company acquired the remaining 40% of their Jumping Josephine Property from Kootenay Silver Inc. by issuing 1,000,000 common shares of the Company valued at $230,000.

b) Subsequent to the nine months ended January 31, 2014 The Company closed a private placement of 18,658,000 units of the Company at a price of $0.25 per unit for gross proceeds of $4,664,500. Each unit consists of one common share and one half of a common share purchase warrant. Each whole warrant will be exercisable for one common share of the Company at $0.30 for a period of 24 months after closing. The Company paid an agent's commission to M Partners Inc. of $298,060 and 1,192,240 broker warrants. Each broker warrant is exercisable for one common share of the Company at $0.25 for a period of 24 months from closing. Other legal and administration costs paid and related to the issuance are $33,053.