OREX MINERALS INC.
(An Exploration Stage Company)
INTERIM REPORT TO SHAREHOLDERS
For the Three Months Ended July 31, 2014
(Expressed in Canadian Dollars - Unaudited)

MANAGEMENT DISCUSSION AND ANALYSIS
FOR THE THREE MONTHS ENDED JULY 31, 2014

Dated: September 25, 2014

Management's Responsibility for Financial Reporting:

The accompanying interim financial report for the three months ended July 31, 2014 has been prepared by management using accounting policies consistent with International Financial Reporting Standards ("IFRS"). Other information contained in this document has also been prepared by management and is consistent with the data contained in the annual financial report.

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

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

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

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

Description of Business:

The Company is engaged primarily in the acquisition and exploration of "exploration and evaluation assets".

CONETO, MEXICO:

On July 16, 2009, the Company signed a letter of intent to purchase 100% of the core mineral concessions within the Coneto silver-gold mining camp in Durango State, Mexico, in exchange for 2,200,000 common shares of the Company. The definitive purchase agreement, signed on September 1, 2009, was subject to the approval of the TSX Venture Exchange. After receiving TSX Venture Exchange approval, on April 15, 2010, the Company issued 2,200,000 shares to the vendors of the Coneto concessions, valued at $2,090,000. The Coneto Property is subject to a 2.5% NSR royalty payable to the vendors.

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

Description of Business (continued):

CONETO, MEXICO (continued):

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

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

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

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

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

(a) Fresnillo will spend a minimum of US$2,000,000 on exploration during the first year after the necessary exploration permits are obtained (Fresnillo fulfilled this commitment during fiscal 2013). A minimum of 70% of this exploration must be conducted on the Company's concessions.

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

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

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

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

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

Description of Business (continued):

CONETO, MEXICO (continued):

(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.

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

The results from the 31 diamond drill holes in the Loma Verde, Central Zone, Impulsora, Promontorio and La Bufa areas of the Phase-II program, yielded high grade intercepts of gold and silver in the Loma Verde and La Bufa areas, with results announced in news releases dated November 7, 2012, January 7 and March 25, 2013.

Also in fiscal 2013, a detailed surface trench channel sampling program was initiated on various mineralized structures at Coneto. Results for the Loma Verde, Santo Nino and Impulsora were announced in news releases dated July 10, 2013, August 20, 2013, and October 7, 2013.

On July 2, 2014 a Phase – III diamond drilling program commenced for approximately 10,800 metres. Kluane Drilling Ltd. has been awarded the drilling contract and three drilling rigs are currently in operation.

In August 2014, Fresnillo confirmed that they have met the exploration expenditures of the First Investment Option Stage of $US 4,000,000 and are proceeding directly to the Second Investment Option Stage on the Coneto Project.

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

BARSELE, SWEDEN:

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

Description of Business (continued):

BARSELE, SWEDEN (continued):

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

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

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

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

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

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

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

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

Barsele Guld retained a 2 per cent net smelter royalty on the Barsele Property, which the Company could purchase at any time for US$2,000,000 per percentage point, or a total of US$4,000,000. Subsequent to the quarter ended July 31, 2014 the Company purchased the remaining 2% net smelter royalty for cash in the amount of US$500,000.

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

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

Avan Zone has a strike length of 1,400 metres and a width varying from 200 to 500 metres. Base metal content of this deposit is typically low.

Description of Business (continued):

BARSELE, SWEDEN (continued):

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

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

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

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

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

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

On November 7, 2012, the Company reported that an independent updated resource estimate had been completed on the Barsele Property by the consulting firm, Mining Plus. The study concluded that drilling to date on the Central-Avan-Skiråsen Zones, at a 0.6g/t cut-off, outlined an Indicated Resource of 14.1 million tonnes grading 1.21 g/t gold or 547,000 contained ounces of gold. In addition, the study estimated additional Inferred Resources of 20.2 million tonnes grading 0.97 g/t gold or 627,000 contained ounces of gold. The resource estimate was performed to a depth of 300 metres, although gold mineralization is known to occur below this depth.

Description of Business (continued):

BARSELE, SWEDEN (continued):

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

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

In fiscal 2013, the Company reached an alternative payment arrangement with Barsele Guld with regards to its outstanding deferred consideration obligations. The amended payment terms were as follows:

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

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

Finally, on October 21, 2013, the terms were altered in that 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. Closure of this amended agreement, giving the Company 100% ownership of the Barsele Project, was announced in a news release dated October 21, 2013.

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

Description of Business (continued):

TRANSACTION WITH ASTRAL MINING CORPORATION:

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

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

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

LOS CRESTONES, MEXICO:

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

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

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

A Property wide helicopter airborne magnetic and radiometric geophysical survey was flown by MPX Geoservices Ltd. in April to May 2014. A follow-up ground geophysical survey, consisting of 18-line kilometers of Induced Polarization (IP) and Magnetotellurics was conducted by Quantec Geoscience Ltd. in July to August 2014.

A second half 2014 diamond drilling program for 5,000 metres is being planned.

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

Description of Business (continued):

JUMPING JOSEPHINE, CANADA:

The Jumping Josephine Property is a prospective exploration property with the potential to host an economic gold deposit and warrants further advanced exploration work. It is a large contiguous claim holding which covers 11,200 ha in the West Kootenay region of Southeastern British Columbia. The property is located close to existing infrastructure and approximately 40 km north of Teck-Cominco's smelting operation in Trail. Astral initially had a 60% joint venture interest with Kootenay Silver Inc. in the Jumping Josephine Project.

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

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

On February 3, 2014, Orex announced the acquisition of the remaining 40% ownership from Kootenay Silver Inc. and now controls 100% of the project with the issuance of 1,000,000 shares of Orex valued at $230,000.

A 5,000 metres diamond drilling program commenced on July 23, 2014. Phase-I will consist of deep holes testing the down-plunge extension of the Jumping Josepine main zone, and Phase -II will test additional exploration targets on the property.

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

PERSISTENCE, CANADA:

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

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

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

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

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

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

Description of Business (continued):

PERSISTENCE, CANADA (continued):

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

In connection with the Persistence Property option agreement, the Company will issue 267,857 common shares as a finder's fee, of which 15,000 common have been issued to date.

The Persistence Property is located within the highly prospective "Stikine Arch" area of northwestern British Columbia, host to a number of world-class copper gold porphyry deposits. Government sampling of altered rocks has also revealed the presence of anomalous precious and base metal values within the Persistence Property, returning values up to 64 ppb gold, 3.2 ppm silver, 14 ppm copper, 46 ppm lead, 112 ppm zinc and 170 ppm arsenic. Due to its close proximity to major deposits with similar age intrusive rocks, the Persistence Property warrants a preliminary exploration program.

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

On 27 March 2014, The Company informed Cazador Resources Ltd. that they intended to discontinue activities on the Persistence Property and terminate the option agreement. Capitalized Persistence Property costs of $47,025 were written off.

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

PROPOSED SPIN OUT:

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

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

Results of Operations for the Three Months Ended July 31, 2014 and 2013

During the first quarter of fiscal 2015, the Company incurred exploration expenses amounting to $922,289 which was 221 per cent higher than the $286,985 incurred in the first quarter of fiscal 2014. The first quarter expenses consisted of drilling costs of $101,906, geological costs of $356,159, assay costs of $579 and other general exploration costs of $533,645. The current and prior quarter exploration expenditures were primarily incurred on the Los Crestones and Jumping Josephine properties.

General operating costs totaled $815,981 for the first quarter of fiscal 2015, which is 45 per cent higher than the $563,903 incurred in the comparable quarter of fiscal 2014. Included in general operating costs is share-based payments expense of $93,607 in the current period versus $Nil in the comparable period, the increase due to new options granted. Management fees were, $135,370 an increase of 45% from the comparable quarter amount of $93,150 in 2014 due to increased time commitments by management. Consulting expenses were $29,426 for the three months ended July 31 2014 versus $Nil in the comparable quarter. Professional fees increased from $91,187 to $217,388 an increase of 138%. Both consulting and professional fees increased over the current period due to increased time commitments on the potential spin out of the Barsele Property.

The loss in the first quarter of fiscal 2015 amounted to $1,826,960 or $0.02 per share, from the loss in the first quarter of fiscal 2014, of $972,786 or $0.02 per share. The increase is primarily due to increased exploration expenditures and higher professional fees and share based compensation.

Property Acquisition Costs:

	Coneto, Mexico	Barsele, Sweden	Jumping Josephine, Canada	Los Crestones, Mexico	Total
Balance, as at April 30, 2013	$ 2,090,000	$ 7,611,607	$ 500,000	$ 1,804,228	$ 12,005,835
Acquisition costs	-	-	230,000	127,506	357,506
Balance, as at April 30, 2014	$ 2,090,000	$ 7,611,607	$ 730,000	$ 1,931,734	$ 12,363,341
Acquisition costs	-	-	-	206,566	206,566
Balance, as at July 31, 2014	$ 2,090,000	$ 7,611,607	$ 730,000	$ 2,138,300	$ 12,569,907

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.

Property Acquisition Costs (continued):

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

On February 12, 2013, the Company completed the acquisition of all of the issued and outstanding shares of two companies, Astral Mining Corporation and its wholly-owned subsidiary, Astral Mining S.A. de C.V. The primary assets of these two companies are mining claims, primarily the Jumping Josephine Property located in British Columbia, Canada and the Los Crestones Property, located in Sinaloa State, Mexico. Of the total purchase cost, the Company allocated $500,000 to their 60% interest in the Jumping Josephine Property and $1,804,228 to the Los Crestones Property. 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.

During the three months ended July 31, 2014, the Company paid $206,566 (US $192,500) to the optionors of the Los Crestones Property. To earn a 100% interest in the Los Crestones Property, the Company must make an additional cash payment totalling US $192,500 by January 12, 2015.

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

On June 26, 2013 the Company entered into an option agreement with Cazador 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. On July 31, 2013 Company made a share payment of 150,000 common shares to Cazador valued at $42,750 towards 100% interest in the Persistence Property and 15,000 shares issued for a finder's fee valued at $4,275. Subsequent to the share issuance the Company chose to terminate the agreement with Cazador effective March 27, 2014, returning the Persistence Property to the Vendor, and no further cash or share payments are necessary. Capitalized Persistence Property costs of $47,025 were written off.

Property Exploration Expenditures for the Three Months Ended July 31, 2014 and 2013:

Total Expenditures for the three months Ended July 31, 2014	**Barsele, Sweden**	**Coneto, Mexico**	**Los Crestones, Mexico**	**Jumping Josephine, Canada**	**Other Properties**	**Total**
	$	$	$	$	$	$
Drilling	-	-	-	101,906	-	101,906
Geological	90,093	16,461	81,366	135,613	32,629	356,159
Assay	-	-	-	579	-	579
General exploration	23,003	11,511	462,913	35,023	1,197	533,646
	113,096	27,972	544,279	273,121	33,826	992,289

Total Expenditures for the three months Ended July 31, 2013	**Barsele, Sweden**	**Coneto, Mexico**	**Los Crestones, Mexico**	**Jumping Josephine, Canada**	**Persistence, Canada**	**Other Properties**	**Total**
	$	$	$	$	$	$	$
Drilling	-	-	-	-	-	-	-
Geological	110,559	51,153	8,150	21,208	4,913	15,213	211,196
Assay	13,166	-	-	579	-	-	13,166
General exploration	17,693	24,316	13,338	6,776	500	-	62,623
	141,418	79,469	21,488	27,984	5,413	15,213	286,985

Selected Annual Financial Information:

		For the Year Ended April 30, 2014	For the Year Ended April 30, 2013	For the Year Ended April 30, 2012
Total revenues		Nil	Nil	Nil
Loss before discontinued operations and extraordinary items:				
(i)	total for the year	$ 2,743,206	$ 3,195,132	$ 6,157,152
(ii)	loss per share – basic and diluted	0.04	0.07	0.18
Net loss:				
(i)	total for the year	2,743,206	3,195,132	6,157,152
(ii)	loss per share – basic and diluted	0.04	0.07	0.18
Total assets		17,469,536	13,144,253	11,253,198
Total long-term financial liabilities		-	871,823	1,650,083
Cash dividends declared per-share		Nil	Nil	Nil

In fiscal 2014, exploration expenses of $1,379,380 were primarily incurred on the Barsele Property. General operating costs were $2,665,743, which includes share-based compensation of $373,902. Other costs for fiscal 2014 included interest expense on deferred consideration of $64,833 and foreign exchange loss on deferred consideration of $85,541 offset by a gain on settlement of the deferred consideration of $1,804,291.

In fiscal 2013, exploration expenses were $1,245,820, primarily incurred on the Barsele Property. General operating costs of $1,604,573 included share-based payments expense of $25,155 for the imputed non-cash cost of stock options granted to directors, officers and consultants of the Company. Other costs for fiscal 2013 included interest expense on deferred consideration of $265,728 and foreign exchange loss on deferred consideration of $70,268.

Selected Annual Financial Information (continued):

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

Selected Quarterly Financial Information:

	Revenues	**(Loss) Gain for the period**	**(Loss) Gain per share**
1st Quarter ended July 31, 2014	Nil	($1,826,960)	($0.02)
4th Quarter ended April 30, 2014	Nil	($1,507,035)	($0.02)
3rd Quarter ended January 31, 2014	Nil	($1,260,272)	($0.02)
2nd Quarter ended October 31, 2013	Nil	$996,887	$0.02
1st Quarter ended July 31, 2013	Nil	($972,786)	($0.02)
4th Quarter ended April 30, 2013	Nil	($811,576)	($0.02)
3rd Quarter ended January 31, 2013	Nil	($683,885)	($0.02)
2nd Quarter ended October 31, 2012	Nil	($648,209)	($0.02)
1st Quarter ended July 31, 2012	Nil	($1,051,462)	($0.03)

Exploration costs in the first quarter of fiscal 2015 were $922,289 and incurred primarily on the Los Crestones and Jumping Josephine properties. The current period loss increased over prior periods largely due to the significant increase in exploration costs.

Exploration costs in the first, second, third and fourth quarters of fiscal 2014 were $286,985, $273,046, $341,766, and $477,583 respectively and incurred primarily on the Barsele Property. General operating costs for the first, second, third and fourth quarters amounted to $563,903, $517,271, $942,042 and $642,527 respectively. The deferred consideration was settled in the second quarter of fiscal 2014 resulting in a gain on settlement of debt of $1,804,291. Income of $996,887 in the second quarter of fiscal 2014 was the result of the gain on settlement of debt.

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

Outstanding Share Data:

(a) As of the date of September 25, 2014 the Company had 96,992,199 shares outstanding.

(b) Share capital and reserves

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 $0.01 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 $24,428. 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 April 30, 2014 the Company has incurred $50,607 on qualifying flow-through expenditures.

On November 21, 2013, the Company completed a non-brokered private placement of 6,786,400 units at $0.25 per unit, for gross proceeds of $1,696,600. Each unit consists of one common share of the Company and one-half share purchase warrant. Each whole warrant is exercisable into one common share at a price of $0.30 per share until November 21, 2015. The shares were valued at $0.205 each the value of the closing the day the shares were issued, and the warrants were assigned a residual value of $305,388 or $0.09 per warrant. In connection with the private placement the Company paid finders' fees of 10,500 shares valued at $2,625 and cash share issuance costs of $13,033.

On March 24, 2014, the Company completed a brokered private placement of 18,658,000 units at $0.25 per unit, for gross proceeds of $4,664,500. 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, with 9,329,000 valid until March 24, 2016. The shares were valued at $0.24 each the value of the closing the day the shares were issued, and the warrants were assigned a residual value of $186,580 or $0.02 per warrant. In connection with the private placement, the Company issued 1,192,240 broker's warrants valued at $99,387. Each warrant is exercisable into one common share at a price of $0.25 per share until March 24, 2016. The broker warrants were valued with the Black-Scholes option pricing model using the assumptions that they would have an expected life of 1.6 years, volatility of 72.85%, and risk-free rate of 1.06%. The Company also paid finder's fees of $298,060 and cash share issuance costs of $81,218.

On March 31, 2014, the Company completed a non-brokered private placement of 1,342,000 units at $0.25 per unit, for gross proceeds of $335,500. 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 March 31, 2016. The shares were valued at $0.245 each the value of the closing the day the shares were issued, and the warrants were assigned a residual value of $6,710 or $0.01 per warrant. In connection with the private placement, the Company issued 93,940 broker's warrants valued at $8,147, each warrant is exercisable into one common share at $0.25 per share until March 31, 2016. The broker warrants were valued with the Black-Scholes option pricing model using the assumptions that they would have an expected life of 1.6 years, volatility of 72.85%, and risk-free rate of 1.06%. The Company also paid finder's fees of $23,485 and cash share issuance costs of $2,545.

On July 15, 2014, 35,000 options were exercised, each option was exercised for one common share of the Company. The options were exercised at $ 0.25 per option for proceeds of $ 8,750. The fair value of the options exercised was $ 5,867.

Outstanding Share Data (continued):

(c) 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.

As of September 25, 2014 the Company had following unexercised stock options and warrants outstanding:

	Number of Shares	**Exercise Price** $	**Expiry Date**
Options			
	765,000	1.00	April 28, 2015
	70,000	0.90	June 9, 2015
	1,839,000	0.74	February 17, 2017
	2,135,000	0.25	January 17, 2019
	200,000	0.25	May 1, 2019
	250,000	0.365	July 2, 2016
	250,000	0.37	September 10, 2016

The following warrants to acquire common shares of the Company were outstanding at September 25, 2014:

	Number of Shares	Exercise Price	Expiry Date
Warrants			
	350,000	0.75	October 5, 2014
	12,250	0.75	October 5, 2014
	4,114,300	0.30	September 13, 2015
	3,393,200	0.30	November 21, 2015
	5,179,000	0.30	March 24, 2016
	671,000	0.30	March 31, 2016
	1,192,240	0.25	March 24, 2016
	93,940	0.25	March 31, 2016
	214,918	8.99	October 7, 2014
	16,680	8.99	November 2, 2014

Liquidity:

The Company ensures that there is sufficient capital in order to meet annual business requirements, after taking into account administrative, property holding and exploration budgets. As the Company does not have operating cash flow, the Company has relied primarily on equity financings to meet its capital requirements.

The Company is in the exploration stage and commodity prices are not reflected in operating financial results. However, fluctuations in commodity prices may influence financial markets and may indirectly affect the Company.

The operating loss for the period of $1,826,960 represented a cash funding requirement of $1,416,881, after adjustments for non-cash items and changes in other working capital balances.

During the quarter, the Company made a cash payment per the terms of the agreement to acquire the Los Crestones Property, in the amount of $206,566.

Investment proceeds from option exercise during the current quarter totaled $8,750.

As a consequence the Company's cash position decreased from the opening level of $4,385,952 at the beginning of the quarter by $1,614,697 to $2,771,255 at July 31, 2014.

Management believes it will be able to raise equity capital as required in the long term, but recognizes the risks attached thereto. The Company continues to use various strategies to minimize its dependence on equity capital, including the securing of joint venture partners where appropriate.

Commitments:

The Company holds an option to acquire 100% interest in the Los Crestones Property in Sinaloa State, Mexico by making a cash payments totalling US $192,500 by January 12, 2015.

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 commitments for the term of the leases is $450,549.

Fiscal Year		Lease Payments
2015	$	145,675
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 July 31, 2014 the Company has incurred $200,310 on qualifying flow-through expenditures.

Corporate Summary:

While there has been great volatility in the stock markets, which may raise questions about the Company's ability to raise new capital and thereby sustain or expand its operations, as mentioned above, the Company succeeded in raising an excess of $8.2 million during fiscal 2014 based on the strength of its mineral property holdings. However, there is no certainty that the Company will continue to be successful in its efforts to raise new capital, which would cause the Company to reconsider its viability as a going concern at that time and how best to sustain a reduced level of operations, pending a return to better market conditions when a financing could be completed.

Capital Resources:

The Company considers its capital structure to be shareholders' equity. Management's objective is to ensure that there is sufficient capital to minimize liquidity risk and to continue as a going concern. As an exploration stage company, the Company is unable to finance its operations from cash flow and has relied primarily on equity financings to meet its capital requirements.

Although the Company has been successful in the past in obtaining financing through the sale of equity securities, there can be no assurance that the Company will be able to obtain adequate financing in the future, or that the terms of such financings will be favorable.

The Company's share capital is not subject to any external restriction and the Company did not change its approach to capital management during the period.

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.(1)	Mexico	45%	Mineral exploration
Gunnarn Mining AB	Sweden	100%	Mineral exploration
Gunnarn Exploration AB	Sweden	100%	Mineral exploration
Astral Mining Corporation	Canada	100%	Mineral exploration
Astral Mining S.A. de C.V.	Mexico	100%	Mineral exploration
Barsele Minerals Corp.	Canada	100%	Mineral exploration

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

Related Party Transactions (continued):

During the three months ended July 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 all directors and officers.

Compensation paid or payable to key management personnel for services rendered are as follows:

	Three months ended July 31, 2014	Three months ended July 31, 2013
Management fees	$ 100,050	$ 93,150
Geological consulting fees	75,150	87,150
Share-based compensation	19,516	-
Total	$ 194,716	$ 180,300

Amounts paid or payable to companies with officers and/or directors in common are as follows:

	Three months ended July 31, 2014	Three months ended July 31, 2013
Administration fees (to a Company controlled by the CEO) *	$ 30,080	$ 41,640
Total	$ 30,080	$ 41,640

* Administration fees paid to a management service company controlled by the chief executive officer and director of the Company that provides a corporate secretary, and accounting and administration staff to the Company.

Included in accounts payable and accrued liabilities as at July 31, 2014 is $ 38,253 (2013 - $188,642) due to directors or officers or companies controlled by directors.

Off Balance Sheet Arrangements:

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

Investor Relations:

In May 2011, the Company retained the services of Sigorex Management GmbH ("Sigorex") to provide investor relations services to the Company. Sigorex is paid 5,000 EUR per month and is subject to termination with 30 days' notice. Sigorex's services were terminated as of January 31, 2014.

In April 2013, the Company retained the services of Patrice Nazareno ("Nazareno") to provide investor relations services to the Company. Nazareno is paid a fee of $6,900 per month. Patrice Nazareno resigned as of January 31, 2014.

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

Changes in Accounting Policies Including Initial Adoption:

IAS 32 Financial Instruments: Presentation ("IAS 32")

The IASB amended IAS 32, "Financial Instruments: Presentation" to clarify certain aspects because of diversity in application of the requirements on offsetting, focused on four main areas:

- the meaning of 'currently has a legally enforceable right of set-off';
- the application of simultaneous realization and settlement;
- the offsetting of collateral amounts; and
- the unit of account for applying the offsetting requirements.

IAS 32 was adopted effective May 1, 2014 and had no significant impact on the Company's condensed consolidated interim financial statements.

IAS 36 – Impairment of Assets ("IAS 36")

The amendments to IAS 36 restrict the requirement to disclose the recoverable amount of an asset or CGU to periods in which an impairment loss has been recognized or reversed. The amendments also expand and clarify the disclosure requirements applicable when an asset or CGU's recoverable amount has been determined on the basis of fair value less cost of disposal. IAS 36 was adopted effective May 1, 2014 and had no significant impact on the Company's condensed consolidated interim financial statements.

New Standards Not Yet Adopted:

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

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. IFRS 9 has a tentative effective date of January 1, 2018.

Financial and Capital Risk Management:

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

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

(a) Fair value of financial instruments

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

Financial and Capital Risk Management (continued):

(b) Concentrations of business risk

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

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

(c) Credit risk

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

As of April 30, 2014 the Company classified its IVA receivable of $200,873 due from the Government of Mexico from short-term to long-term due to an administrative slowdown in processing of IVA refunds. As of July 31, 2014 the Company has IVA receivable of $239,257.

(d) Liquidity risk

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

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

Financial and Capital Risk Management (continued):

(e) Foreign exchange risk

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

The Company's exposure to foreign currency risk is on its cash, receivables, accounts payable and accrued liabilities. At July 31, 2014, a hypothetical change of 10% in the foreign exchange rate between the Canadian dollar and US dollar would have a negligible effect on loss and comprehensive loss; a hypothetical change of 10% in the foreign exchange rate between the Canadian dollar and the Mexican Peso would have a negligible effect; a hypothetical change of 10% in the foreign exchange rate between the Canadian dollar and the Swedish Krona would have a negligible effect.

(f) Interest rate risk

The Company limits its exposure to interest rate risk by holding cash deposits at major Canadian financial institutions and accordingly is not subject to significant interest rate risk.

(g) Price risk

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

(h) Capital management

The Company defines its capital as 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

Events After the Reporting Date:

Subsequent to the quarter ended July 31, 2014 the following events occurred:

a) The Company granted 250,000 options to a consultant of the Company. Each option is exercisable into one common share of the Company for a period of two years at $0.37 per option. The options vest immediately.

b) 4,150,000 warrants were exercised at $0.30 per warrant. Each warrant was exercised for one share of the Company.

c) 130,000 options were exercised at $0.25 per option. Each option was exercised for one share of the Company.

d) On September 15, 2014 the Company purchased the remaining 2% net smelter royalty held on the Barsele Property for US$500,000.

Additional Information:

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