OREX MINERALS INC.

CONSOLIDATED FINANCIAL STATEMENTS
(Expressed in Canadian Dollars)

FOR THE YEAR ENDED APRIL 30, 2012

INDEPENDENT AUDITORS' REPORT

To the Shareholders of
Orex Minerals Inc.

We have audited the accompanying consolidated financial statements of Orex Minerals Inc., which comprise the consolidated statements of financial position as at April 30, 2012, April 30, 2011 and May 1, 2010 and the consolidated statements of operations and comprehensive loss, changes in equity and cash flows for the years ended April 30, 2012 and April 30, 2011, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with International Financial Reporting Standards, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audits. We conducted our audits in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditors consider internal control relevant to the entity's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained in our audits is sufficient and appropriate to provide a basis for our audit opinion.

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Opinion

In our opinion, these consolidated financial statements present fairly, in all material respects, the financial position of Orex Minerals Inc. as at April 30, 2012, April 30, 2011 and May 1, 2010 and its financial performance and its cash flows for the years ended April 30, 2012 and April 30, 2011 in accordance with International Financial Reporting Standards.

Emphasis of Matter

Without qualifying our opinion, we draw attention to Note 1 in the consolidated financial statements which describes conditions and matters that indicate the existence of a material uncertainty that may cast significant doubt about the ability of Orex Minerals Inc. to continue as a going concern.

"DAVIDSON & COMPANY LLP"

Vancouver, Canada Chartered Accountants

August 27, 2012

OREX MINERALS INC.
(An Exploration Stage Company)
CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
(Expressed in Canadian Dollars)

	April 30, 2012	April 30, 2011 (Note 14)	May 1, 2010 (Note 14)
ASSETS			
Current			
Cash	$ 1,036,929	$ 2,455,973	$ 1,349,967
Receivables	369,161	135,367	131,603
Prepaid expenses and deposits	145,501	222,713	149,615
	1,551,591	2,814,053	1,631,185
Deposits	-	4,911	-
Exploration and evaluation mineral properties (Note 5)	9,701,607	9,701,607	2,090,000
	$ 11,253,198	$ 12,520,571	$ 3,721,185
LIABILITIES AND SHAREHOLDERS' EQUITY			
Current			
Accounts payable and accrued liabilities	$ 523,683	$ 368,799	$ 103,629
Current portion of deferred consideration (Note 4)	1,837,953	1,320,558	-
	2,361,636	1,689,357	103,629
Deferred consideration (Note 4)	1,650,083	3,108,382	-
	4,011,719	4,797,739	103,629
Shareholders' equity			
Share capital (Note 6)	29,238,448	24,504,796	17,215,312
Reserves (Note 6)	3,352,764	2,410,617	2,407,031
Deficit	(25,349,733)	(19,192,581)	(16,004,787)
	7,241,479	7,722,832	3,617,556
	$ 11,253,198	$ 12,520,571	$ 3,721,185

Nature and continuance of operations (Note 1)
Commitments (Note 9)
Events after the reporting date (Note 15)

Approved and authorized by the board on August 27, 2012

/s/ Gary Cope	Director	*/s/ Rick Sayers*	Director
Gary Cope		Rick Sayers	

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

OREX MINERALS INC.
(An Exploration Stage Company)
CONSOLIDATED STATEMENTS OF OPERATIONS AND COMPREHENSIVE LOSS
YEAR ENDED APRIL 30
(Expressed in Canadian Dollars)

	2012	2011 (Note 14)
EXPLORATION EXPENSES		
Drilling	$ 888,688	$ 609,381
Geological	1,206,702	571,925
Assay	194,155	84,627
General exploration	599,790	477,110
	2,889,335	1,743,043
GENERAL EXPENSES		
Consulting fees	55,000	60,000
Investor relations	626,970	273,236
Management fees	162,400	173,250
Office and administrative	116,829	135,724
Professional fees	327,901	428,239
Rent	72,000	72,000
Share-based payments (Note 6)	1,147,720	46,931
Transfer agent and filing fees	26,957	52,052
Travel and entertainment	131,660	158,914
	2,667,437	1,400,346
Loss before other items	(5,556,772)	(3,143,389)
OTHER ITEMS		
Interest expense on deferred consideration (Note 4)	(346,791)	-
Foreign exchange loss on deferred consideration (Note 4)	(200,905)	-
Write-off of exploration and evaluation mineral properties (Note 5)	-	(35,200)
Foreign exchange loss	(68,203)	(13,825)
Interest income	15,519	4,620
	(600,380)	(44,405)
Loss and comprehensive loss for the year	(6,157,152)	(3,187,794)
Basic and diluted loss per common share	$ (0.18)	$ (0.13)
Weighted average number of common shares outstanding	34,782,679	24,290,807

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

OREX MINERALS INC.
(An Exploration Stage Company)
CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
(Expressed in Canadian Dollars)

	Common Shares	Share capital	Reserves	Deficit	Total Equity
Balance, May 1, 2010 (Note 14)	22,726,044	$ 17,215,312	$ 2,407,031	$ (16,004,787)	$ 3,617,556
Private placement	4,653,000	3,722,400	-	-	3,722,400
Finders' fees	159,425	127,540	-	-	127,540
Share issuance costs	-	(174,705)	-	-	(174,705)
Shares issued for exploration and evaluation mineral properties	1,403,997	1,235,517	-	-	1,235,517
Warrants exercised	3,063,849	2,297,887	-	-	2,297,887
Options exercised	70,000	80,845	(43,345)	-	37,500
Share-based payments	-	-	46,931	-	46,931
Loss and comprehensive loss	-	-	-	(3,187,794)	(3,187,794)
Balance, April 30, 2011 (Note 14)	32,076,315	24,504,796	2,410,617	(19,192,581)	7,722,832
Private placement	6,356,000	3,728,000	200,000	-	3,928,000
Finders' fees	205,100	102,550	-	-	102,550
Share issuance costs	-	(170,371)	-	-	(170,371)
Shares issued for exploration and evaluation mineral properties	852,764	492,400	-	-	492,400
Warrants exercised	20,000	15,000	-	-	15,000
Options exercised	291,000	566,073	(405,573)	-	160,500
Share-based payments	-	-	1,147,720	-	1,147,720
Loss and comprehensive loss	-	-	-	(6,157,152)	(6,157,152)
Balance, April 30, 2012	39,801,179	$ 29,238,448	$ 3,352,764	$ (25,349,733)	$ 7,241,479

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

OREX MINERALS INC.
(An Exploration Stage Company)
CONSOLIDATED STATEMENTS OF CASH FLOWS
YEAR ENDED APRIL 30
(Expressed in Canadian Dollars)

	2012	2011 (Note 14)
CASH FLOWS FROM OPERATING ACTIVITIES		
Net loss for the year	$ (6,157,152)	$ (3,187,794)
Items not affecting cash:		
Write-off of exploration and evaluation mineral properties	-	35,200
Share-based payments	1,147,720	46,931
Interest expense on deferred consideration	346,791	-
Foreign exchange loss on deferred consideration	200,905	-
	(4,461,736)	(3,105,663)
Changes in non-cash working capital items:		
(Increase) decrease in receivables	(233,794)	5,725
Decrease in prepaid expenses	77,212	48,179
Decrease in deposits	4,911	-
Increase in accounts payable and accrued liabilities	154,884	138,692
Cash used in operating activities	(4,458,523)	(2,913,067)
CASH FLOWS FROM INVESTING ACTIVITIES		
Acquisition of subsidiaries (Note 4)	-	(1,956,349)
Deferred consideration for acquisition of subsidiaries (Note 4)	(996,200)	-
Acquisition of exploration and evaluation mineral properties	-	(35,200)
Cash used in investing activities	(996,200)	(1,991,549)
CASH FLOWS FROM FINANCING ACTIVITIES		
Issuance of share capital	4,103,500	6,057,787
Share issue costs	(67,821)	(47,165)
Cash provided by financing activities	4,035,679	6,010,622
Changes in cash during the year	(1,419,044)	1,106,006
Cash, beginning of year	2,455,973	1,349,967
Cash, end of year	$ 1,036,929	$ 2,455,973

Supplemental disclosure with respect to cash flows (Note 8)

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

1. NATURE AND CONTINUANCE OF OPERATIONS

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

The head office of the Company is located at Suite 1180 - 999 West Hastings Street, Vancouver, British Columbia, Canada, V6C 2W2. 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 ("consolidated 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 mineral properties do not necessarily represent present or future values. The recoverability of the amounts shown for mineral properties is dependent upon the existence of economically recoverable reserves, the ability of the Company to obtain necessary financing to complete the development of those reserves and upon future profitable production.

These consolidated 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 material uncertainties may cast significant doubt on the Company's ability to continue as a going concern.

The consolidated 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 consolidated financial statements, including comparatives, have been prepared using accounting policies consistent with IFRS as issued by the International Accounting Standards Board ("IASB") and Interpretation issued by the International Financial Reporting Interpretations Committee ("IFRIC").

The consolidated 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 financial statements have been prepared using the accrual basis of accounting except for cash flow information.

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

The preparation of these consolidated financial statements resulted in changes to the accounting policies as compared with the prior annual financial statements prepared under Canadian Generally Accepted Accounting Principles ("GAAP"). The accounting policies set out in Note 3 have been applied consistently to all years presented in these consolidated financial statements. They also have been applied in preparing an opening IFRS statement of financial position at May 1, 2010 for the purposes of the transition to IFRS, as required by IFRS 1, First Time Adoption of International Financial Reporting Standards (IFRS 1). The impact of the transition from GAAP to IFRS is explained in Note 14.

Critical Accounting Estimates

The preparation of these consolidated 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 the profit or loss for the period.

b) The carrying value and the recoverability of exploration and evaluation mineral properties, 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 consolidated financial statements include the accounts of the Company and its 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 mineral properties

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.

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 the 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.

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

Provision for environmental rehabilitation

The Company recognizes liabilities for statutory, contractual, constructive or legal obligations associated with the retirement of mineral properties 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 and loss for the period.

Financial instruments

<u>Financial assets</u>

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.

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.

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

Financial instruments (cont'd...)

Financial assets (cont'd...)

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 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 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 and 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.

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 balance sheet 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 equity. Consideration paid for the shares on the exercise of stock options is credited to share capital.

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

Share-based payments (cont'd...)

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.

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.

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

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 7 Financial Instruments: Disclosures ("IFRS 7")

IFRS 7 was amended by the International Accounting Standards Board ("IASB") in October 2010 and the amendment enhances the disclosure requirements in relation to transferred financial assets.

The amendment to IFRS 7 is required to be applied for annual periods beginning on or after July 1, 2011, with earlier adoption permitted. The Company has not yet assessed the impact of the amendment or determined whether it will adopt the amendment early.

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.

IFRS 10 Consolidated Financial Statements ("IFRS 10")

For annual periods beginning on January 1, 2013, IFRS 10 will replace portions of IAS 27 Consolidated and Separate Financial Statements and interpretation SIC-12 Consolidation - Special Purpose Entities. The new standard requires consolidated financial statements to include all controlled entities under a single control model. The Company will be considered to control an investee when it is exposed, or has rights to variable returns from its involvement with the investee and has the current ability to affect those returns through its power over the investee. As required by this standard, control is reassessed as facts and circumstances change. Additional guidance is given on how to evaluate whether certain relationships give the Company the current ability to affect its returns, including how to consider options and convertible instruments, holding less than a majority of voting rights, how to consider protective rights, and principal agency relationships (including removal rights), all which may differ from current practice.

IFRS 10 is required to be applied for annual periods beginning on or after January 1, 2013, with earlier adoption permitted. The Company has not yet assessed the impact of the standard or determined whether it will adopt the standard early.

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

New standards not yet 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.

IFRS 11 is required to be applied for annual periods beginning on or after January 1, 2013, with earlier adoption permitted. The Company has not yet assessed the impact of the standard or determined whether it will adopt the standard early.

IFRS 12 Disclosure of Interests in Other Entities ("IFRS 12")

IFRS 12 includes disclosure requirements about subsidiaries, joint ventures, and associates, as well as unconsolidated structured entities and replaces existing disclosure requirements. Due to this new section, the Company will be required to disclose the following: judgments and assumptions made when deciding how to classify involvement with another entity, interests that non-controlling interests have in consolidated entities, and the nature of the risks associated with interests in other entities.

IFRS 12 is required to be applied for annual periods beginning on or after January 1, 2013, with earlier adoption permitted. The Company has not yet assessed the impact of the standard or determined whether it will adopt the standard early.

IFRS 13 Fair Value Measurement ("IFRS 13")

IFRS 13 will converge the IFRS requirements for how to measure fair value and the related disclosures. IFRS 13 establishes a single source of guidance for fair value measurements, when fair value is required or permitted by IFRS. Upon adoption, the Company will provide a single framework for measuring fair value while requiring enhanced disclosures when fair value is applied. In addition, fair value will be defined as the 'exit price' and concepts of 'highest and best use' and 'valuation premise' would be relevant only for non-financial assets and liabilities.

IFRS 13 is required to be applied for annual periods beginning on or after January 1, 2013, with earlier adoption permitted. The Company has not yet assessed the impact of the standard or determined whether it will adopt the standard early.

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

New standards not yet adopted (cont'd...)

IAS 1 - Presentation of Financial Statements ("IAS 1")

IAS 1 was amended by the IASB in June 2011 and relates to the presentation of items in other comprehensive income. Items in other comprehensive income will be required to be presented in two categories: items that will be reclassified into profit or loss and those that will not be reclassified. The flexibility to present a statement of comprehensive income as one statement or two separate statements of profit and loss and other comprehensive income remains unchanged.

The amendments to IAS 1 are required to be applied for annual periods beginning on or after July 1, 2012, with earlier adoption permitted. The Company has not yet assessed the impact of the amendment or determined whether it will adopt the amendments early.

IAS 12 – Income Taxes ("IAS 12")

IAS 1 was amended by the IASB in December 2010 and the amendment provides a solution to determining the recovery of investment properties as it relates to the accounting for deferred income taxes.

The amendment to IAS 12 is required to be applied for annual periods beginning on or after January 1, 2012, with earlier adoption permitted. The Company has not yet assessed the impact of the amendment or determined whether it will adopt the amendment early.

IAS 28 – Investments in Associates and Joint Ventures ("IAS 28")

IAS 28 was amended by the IASB in September 2011 and the amendments prescribe the accounting for investments in associates and sets out the requirements for the application of the equity method when accounting for investments in associates and joint ventures. IAS 28 applies to all entities that are investors with joint control of, or significant influence over, an investee (associate or joint venture).

The amendments to IAS 28 are required to be applied for annual periods beginning on or after January 1, 2013, with earlier adoption permitted. The Company has not yet assessed the impact of the amendments or determined whether it will adopt the amendments early.

4. ACQUISITION OF SUBSIDIARIES

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.

(Expressed in Canadian Dollars)

4. ACQUISITION OF SUBSIDIARIES (cont'd...)

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). During the year ended April 30, 2012, the Company recorded interest expense on deferred consideration of $346,791, to reflect amortization of the discount, and a foreign exchange loss of $200,905, to reflect the impact of changes in the foreign exchange rate between the US dollar and the Canadian dollar. To fulfill its 1st anniversary obligations, 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. As a result, the carrying value of deferred consideration at April 30, 2012 was $3,488,036.

	2012	2011
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. If the value of the common shares issued is less than US$500,000, the balance shall be paid in cash (paid and issued at April 30, 2012)	$ -	$ 1,320,558
On the 2nd anniversary of completing the final agreement, US$2,000,000 in cash	1,837,953	1,637,902
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	854,862	761,815
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	795,221	708,665
Total deferred consideration	3,488,036	4,428,940
Current portion of deferred consideration	(1,837,953)	(1,320,558)
Long term deferred consideration	$ 1,650,083	$ 3,108,382

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 commitment during fiscal 2012);

b) Before the 2nd anniversary of completing the final agreement, an additional US$2,000,000 of exploration expenditures.

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)

4. ACQUISITION OF SUBSIDIARIES (cont'd…)

After completing the 1st anniversary cash payment and share issuance, as well as having incurred US$3,000,000 in cumulative exploration expenditures, the Company will have the option of returning the shares of Gunnarn Mining and Gunnarn Exploration to Barsele Guld in order to extinguish any further obligations under the terms of the agreement. The Company will retain this option until 30 days prior to the 2nd anniversary of completing the final agreement.

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

Cash	$	1,881
Receivables		9,489
Prepaid expenses		121,277
Deposits		4,911
Exploration and evaluation mineral properties		7,611,607
Accounts payable and accrued liabilities		(126,478)
Total consideration	$	7,622,687

5. EXPLORATION AND EVALUATION MINERAL PROPERTIES

		Coneto, Mexico		Las Mesas, Mexico		Barsele, Sweden		Total
Balance, as at May 1, 2010	$	2,090,000	$	-	$	-	$	2,090,000
Acquisition costs		-		35,200		7,611,607		7,646,807
Write-off		-		(35,200)		-		(35,200)
Balance, as at April 30, 2011 and April 30, 2012	$	2,090,000	$	-	$	7,611,607	$	9,701,607

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.

5. EXPLORATION AND EVALUATION MINERAL PROPERTIES (cont'd…)

Las Mesas, Mexico

On November 30, 2010, the Company entered into an option agreement to acquire a 100% interest in the Las Mesas property in Durango, Mexico from La Cuesta International, S.A. de C.V. ("La Cuesta") for US$4,000,000, less any option maintenance payments, as described below, paid prior to the exercise of the option. To initiate the option agreement, the Company paid La Cuesta $35,200 (US$35,000) in cash.

The Las Mesas property is subject to a 1.0% NSR royalty payable to La Cuesta. To maintain the option in good standing, the Company was required to make staged cash payments to La Cuesta totalling US$77,500 over four years and then US$40,000 each subsequent year. In addition, the Company was required to incur exploration expenditures of US$50,000 on the Las Mesas property prior to December 1, 2011.

During the year ended April 30, 2012, the Company received the assays from its drill program on Las Mesas and management was disappointed with the results overall. A decision was made to terminate the Las Mesas option agreement and consequently, mineral property costs of $35,200 were written-off during fiscal 2011.

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. 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.

5. EXPLORATION AND EVALUATION MINERAL PROPERTIES (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.

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.

6. SHARE CAPITAL AND RESERVES

Authorized

Unlimited number of common shares without par value

Private placements

On March 4, 2011, the Company issued 4,653,000 units at $0.80 per unit for gross proceeds of $3,722,400 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 $1.00 per common share, for a total of 2,326,500 shares. The full value of $3,722,400 was assigned to the common shares. In connection with the private placement, as a commission, the Company issued 159,425 units valued at $127,540 with terms similar to those issued under the private placement and paid $14,000 in cash. The Company incurred other cash share issuance costs of $33,165 on the private placement.

On November 9, 2011, the Company issued 3,856,000 units at $0.50 per unit for gross proceeds of $1,928,000 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 1,928,000 shares. The full value of $1,928,000 was assigned to the common shares. In connection with the private placement, as a commission, the Company issued 205,100 units valued at $102,550 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 $25,666 on the private placement.

On February 8, 2012, the Company issued 2,500,000 units to Fresnillo PLC 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 for a total of 1,250,000 shares. A value of $1,800,000 was assigned to the common shares and a value of $200,000 was assigned to reserves. The Company incurred cash share issuance costs of $36,905 on the private placement.

Stock options and warrants

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

Vesting terms are determined at the discretion of the board of directors. Options issued to consultants providing investor relations services must vest in stages over a minimum of 12 months with no more than one-quarter of the options vesting in any three-month period.

(Expressed in Canadian Dollars)

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

Stock options and warrants (cont'd…)

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

	Warrants		Stock options	
	Number	Weighted Average Exercise Price	Number	Weighted Average Exercise Price
Outstanding, May 1, 2010	6,778,162	$ 0.78	2,066,800	$ 0.81
Granted	2,406,212	1.00	70,000	0.90
Exercised	(3,063,849)	0.75	(70,000)	0.54
Expired	(363,126)	0.75	-	-
Forfeited	-	-	(50,000)	0.50
Outstanding, April 30, 2011	5,757,399	0.89	2,016,800	0.84
Granted	3,280,550	0.85	2,239,000	0.74
Exercised	(20,000)	0.75	(291,000)	0.55
Expired	(3,331,187)	0.81	-	-
Forfeited	-	-	(70,000)	1.49
Outstanding, April 30, 2012	5,686,762	$ 0.91	3,894,800	$ 0.79
Exercisable at April 30, 2012	5,686,762	$ 0.91	3,819,800	$ 0.79

The following options and warrants to acquire common shares of the Company were outstanding at April 30, 2012:

	Number of Shares	Exercise Price	Expiry Date
Options			
	119,800	$ 0.50	June 7, 2014
	5,000	0.50	May 9, 2012[(1)]
	251,000	0.50	September 27, 2012
	10,000	1.35	September 27, 2012
	40,000	0.50	June 17, 2013
	50,000	0.50	December 19, 2013
	1,100,000	1.00	April 28, 2015
	10,000	1.00	January 10, 2013
	70,000	0.90	June 9, 2015
	2,164,000	0.74	February 17, 2017
	75,000	0.74	February 17, 2014
Warrants			
	2,406,212	1.00	March 4, 2013
	2,030,550	0.75	November 9, 2013
	1,250,000	1.00	February 8, 2014

[(1)] Subsequent to April 30, 2012, a total of 5,000 options were exercised.

(Expressed in Canadian Dollars)

6. SHARE CAPITAL AND RESERVES (cont'd…)

Share-based payments

During the year ended April 30, 2012, the Company granted 2,239,000 stock options to directors, officers and consultants of the Company. The weighted average fair values of options granted are calculated using the Black-Scholes option pricing model. During the year ended April 30, 2012, the weighted average fair value of each option granted was $0.52 (2011 - $0.68) and was calculated using the following weighted average assumptions:

	2012	2011
Expected option lives	5 years	5 years
Risk-free interest rate	1.3%	2.5%
Expected dividend yield	0%	0%
Expected stock price volatility	92%	100%

The share-based payments expense for stock options, granted in the current and prior year, that vested in the year ended April 30, 2012 was $1,147,720 (2011 - $46,931).

7. 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 year.

(Expressed in Canadian Dollars)

8. SUPPLEMENTAL DISCLOSURE WITH RESPECT TO CASH FLOWS

		2012		2011
Cash received during the year for interest	$	17,196	$	2,138
Cash paid during the year for interest	$	-	$	-
Cash paid during the year for income taxes	$	-	$	-

Significant non-cash transactions during fiscal 2012 included:

a) Issuing 852,764 common shares valued at $492,400 as payment of deferred consideration (Note 4).

b) Issuing 205,100 units at a value of $102,550 as finder's fees for private placements (Note 6).

Significant non-cash transactions during fiscal 2011 included:

a) Issuing 1,403,997 common shares valued at $1,235,517 pursuant to the acquisition of subsidiaries (Note 4).

b) Accruing $4,428,940 in deferred consideration liabilities pursuant to the acquisition of subsidiaries (Note 4).

c) Issuing 159,425 units at a value of $127,540 as finder's fees for private placements (Note 6).

9. COMMITMENTS

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 Company agreed to make deferred consideration payments to Barsele Guld, in cash and issuances of common shares of the Company over four years, with a total value of US$5,500,000. The Company also agreed to make direct exploration expenditures of US$3,000,000 on the Barsele property, over two years. To fulfill its 1st anniversary obligations, 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 and incurred direct exploration expenditures in excess of US$1,000,000. As a result, at April 30, 2012 the Company had the following undiscounted commitments outstanding with regards to the acquisition of Gunnarn Mining.

Fiscal Year	Deferred Consideration Payments	Exploration Expenditures
2013	US $2,000,000	US $2,000,000
2014	1,000,000 (1)	-
2015	1,000,000 (1)	-

(1) Payable in 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

(Expressed in Canadian Dollars)

10. INCOME TAXES

A reconciliation of income taxes (recovery) at statutory rates with the reported taxes for the year ended April 30, 2012 is as follows:

	2012	2011
Loss for the year	$ (6,157,152)	$ (3,187,794)
Expected income tax (recovery)	$ (1,601,000)	$ (887,000)
Impact of different foreign statutory tax rates	(28,000)	(20,000)
Non-deductible expenditures	476,000	313,000
Impact of future tax rates versus statutory rates	28,000	51,000
Share issue cost	(18,000)	(49,000)
Change in unrecognized deductible temporary differences	1,143,000	592,000
Income tax expenses (recovery)	$ -	$ -

The Canadian income tax rate declined during the year due to changes in the law that reduced corporate income tax rates in Canada.

The significant components of the company's unrecognized temporary differences and tax losses are as follows:

	2012	2011	Expiry date range
Temporary Differences:			
Exploration and evaluation assets	$ 9,658,000	$ 7,431,000	No expiry date
Share issue costs	311,000	397,000	2032-2035
Capital assets	6,000	-	No expiry date
Deferred consideration	502,000	1,018,000	No expiry date
Non-capital losses available for future periods	10,591,000	7,926,000	2014-2031

Tax attributes are subject to review, and potential adjustment, by tax authorities.

(Expressed in Canadian Dollars)

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

During the year ended April 30, 2012, 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 $84,000 (2011 - $84,000) to a management company controlled by the CEO and director of the Company.

b) Paid or accrued management fees of $53,800 (2011 - $56,900) to a management company controlled by the CFO and director of the Company.

c) Paid or accrued management fees of $24,600 (2011 - $32,350) to the Corporate Secretary of the Company.

d) Paid or accrued rent of $72,000 (2011 - $72,000) to Orko Silver Corp., a company with common directors.

e) Paid or accrued fees of $60,000 (2011 - $60,000) to a management company controlled by a director of the Company. These amounts were included in exploration expenditures.

f) Paid or accrued fees of $48,000 (2011 - $8,000) to a management company controlled by a director of the Company. These amounts were included in exploration expenditures.

g) Recorded shared-based payments of $742,774 (2011 - $Nil) to directors and officers of the Company.

Included in accounts payable and accrued liabilities as at April 30, 2012 is $Nil (2011 – $10,136; 2010 – $Nil) 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 harmonized sales tax (HST), which are recoverable from the governing body in Sweden, Mexico and Canada, respectively. As the Company's exploration operations are conducted in Sweden and Mexico, 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. Deferred consideration is due in instalments over three years (Note 9).

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 April 30, 2012, a hypothetical change of 10% in the foreign exchange rate between the Canadian dollar and US dollar would have a $350,000 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 $12,000 effect; a hypothetical change of 10% in the foreign exchange rate between the Canadian dollar and the Swedish Krona would have an $14,000 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 April 30, 2012, a hypothetical change of 1% in the interest rate would have a $10,000 effect on net loss and comprehensive loss in the upcoming year.

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:

	April 30, 2012	April 30, 2011	May 1, 2010
Exploration and evaluation mineral properties			
Mexico	$ 2,090,000	$ 2,090,000	$ 2,090,000
Sweden	7,611,607	7,611,607	-

14. FIRST TIME ADOPTION OF IFRS

As stated in Note 2, these consolidated financial statements were prepared in accordance with IFRS. The accounting policies in Note 3 have been applied in preparing the consolidated financial statements for the years ended April 30, 2012 and 2011 and the opening IFRS statement of financial position on May 1, 2010, the "Transition Date".

While there were a number of changes to the Company's accounting policies, management determined that the adoption of IFRS did not impact the Company's statements of financial position as at May 1, 2010 and April 30, 2011, or the statement of operations and comprehensive loss, statement of changes in equity or statement of cash flows for the year ended April 30, 2011. Therefore, reconciliation adjustment schedules to transition Canadian GAAP to IFRS have not been provided.

The guidance for the first time adoption of IFRS is set out in IFRS 1. IFRS 1 provides for certain mandatory exceptions and optional exemptions for first time adopters of IFRS. The Company elected to take the following IFRS 1 optional exemptions:

a) Business combinations

IFRS 1 indicates that a first-time adopter may elect not to apply IFRS 3 Business Combinations retrospectively to business combinations that occurred before the date of transition to IFRS. The Company has taken advantage of this election and has applied IFRS to business combinations that occurred on or after May 1, 2010.

b) Share-based payment transactions

IFRS 1 encourages, but does not require, first-time adopters to apply IFRS 2 *Share-based Payment* to equity instruments that were granted on or before November 7, 2002 or equity instruments that were granted subsequent to November 7, 2002 and vested before the later of the date of transition to IFRS and January 1, 2005. The Company has elected not to apply IFRS 2 to awards that vested prior to May 1, 2010.

IFRS 1 also outlines specific guidelines that a first-time adopter must adhere to under certain circumstances. The Company has applied the following guideline to its opening statement of financial position dated May 1, 2010:

a) Estimates

In accordance with IFRS 1, an entity's estimates under IFRS at the date of transition to IFRS must be consistent with estimates made for the same date under previous GAAP, unless there is objective evidence that those estimates were in error. The Company's IFRS estimates as of May 1, 2010 are consistent with its Canadian GAAP estimates for the same date.

15. EVENTS AFTER THE REPORTING DATE

Between May 1, 2012 and August 27, 2012:

a) The Company granted incentive stock options to a consultant to purchase 75,000 common shares of the Company at $0.70 per share. The options have a two year term and will vest quarterly over a period of 12 months from the date of grant.

b) The Company issued 5,000 common shares upon the exercise of stock options for gross proceeds of $2,500.

c) Announced it is undertaking a non-brokered private placement of units for gross proceeds of up to $5,000,000. Each unit will consist of one common share and one half of one transferable share purchase warrant. Each whole share purchase warrant will entitle the holder thereof to purchase one additional common share for 24 months from the date of closing at a price of $0.75 per common share.