OREX MINERALS INC.

Interim Consolidated Financial Statements
January 31, 2011

Notice to Reader:

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

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

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

OREX MINERALS INC.
(An Exploration Stage Company)
CONSOLIDATED BALANCE SHEETS
AS AT JANUARY 31, 2011 AND APRIL 30, 2010
(Expressed in Canadian Dollars)
(UNAUDITED)

	January 31, 2011 (Unaudited)	April 30, 2010
ASSETS		
Current assets		
Cash	$ 883,681	$ 1,349,967
Receivables	131,860	131,603
Prepaid expenses	100,460	149,615
	1,116,001	1,631,185
Mineral properties (Note 3)	2,125,200	2,090,000
	$ 3,241,201	$ 3,721,185
LIABILITIES AND SHAREHOLDERS' EQUITY		
Current liabilities		
Accounts payable and accrued liabilities	$ 413,152	$ 103,629
Shareholders' equity		
Share capital (Note 4)	18,470,265	17,215,312
Share subscriptions received in advance (Note 4)	219,750	-
Contributed surplus (Note 4)	2,406,043	2,407,031
Deficit	(18,268,009)	(16,004,787)
	2,828,049	3,617,556
	$ 3,241,201	$ 3,721,185

Nature and continuance of operations (Note 1)
Subsequent events (Note 10)

On behalf of the Board of Directors:

/s/ Gary Cope Director
Gary Cope

/s/ Rick Sayers Director
Rick Sayers

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

OREX MINERALS INC.
(An Exploration Stage Company)
CONSOLIDATED STATEMENTS OF OPERATIONS, COMPREHENSIVE LOSS AND DEFICIT
FOR THE THREE AND NINE MONTHS ENDED JANUARY 31, 2011 AND 2010
(Expressed in Canadian Dollars)
(UNAUDITED)

	Three months ended January 31,		Nine months ended January 31,	
	2011	2010	2011	2010
EXPLORATION EXPENSES				
Drilling	$ -	$ -	$ 474,188	$ 318,867
Geological	171,580	91,119	387,108	316,529
Assay	12,118	66,813	83,626	135,514
Site costs	-	-	-	259,999
General exploration	145,467	75,590	360,485	193,502
	329,165	233,522	1,305,407	1,224,411
GENERAL EXPENSES				
Amortization	-	90	-	270
Consulting fees	15,000	15,000	45,000	45,000
Investor relations	46,230	67,364	208,343	223,013
Management fees	41,250	41,000	132,100	125,400
Office and administrative	24,152	26,755	102,612	61,441
Professional fees	173,197	14,691	242,234	59,998
Rent	18,000	18,000	54,000	58,650
Stock-based compensation (Note 4)	9,435	3,806	42,357	100,616
Transfer agent and filing fees	6,300	8,319	19,183	20,967
Travel and entertainment	22,169	34,467	105,479	64,737
	355,733	229,492	951,308	760,092
Loss before other items	(684,898)	(463,014)	(2,256,715)	(1,984,503)
OTHER ITEMS				
Foreign exchange gain (loss)	(4,895)	6,188	(7,947)	29,550
Interest income	-	-	1,440	30
Loss and comprehensive loss for the period	(689,793)	(456,826)	(2,263,222)	(1,954,923)
Deficit, beginning of period	(17,578,216)	(12,312,843)	(16,004,787)	(10,814,746)
Deficit, end of period	$ (18,268,009)	$ (12,769,669)	$ (18,268,009)	$ (12,769,669)
Basic and diluted loss per common share	$ (0.03)	$ (0.02)	$ (0.10)	$ (0.12)
Weighted average number of common shares outstanding	23,145,081	20,309,642	22,911,049	16,283,184

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

OREX MINERALS INC.
(An Exploration Stage Company)
CONSOLIDATED STATEMENTS OF CASH FLOWS
FOR THE THREE AND NINE MONTHS ENDED JANUARY 31, 2011 AND 2010
(Expressed in Canadian Dollars)
(UNAUDITED)

	Three months ended January 31,		Nine months ended January 31,	
	2011	2010	2011	2010
CASH FLOWS FROM OPERATING ACTIVITIES				
Net loss for the period	$ (689,793)	$ (456,826)	$ (2,263,222)	$ (1,954,923)
Items not involving cash:				
Amortization	-	90	-	270
Stock-based compensation expense	9,435	3,806	42,357	100,616
Change in operating assets and liabilities:				
Increase in receivables	(14,335)	(34,839)	(257)	(70,710)
(Increase) decrease in prepaid expenses	(53,769)	(19,577)	49,155	(108,179)
Increase (decrease) in accounts payable and accrued liabilities	64,122	(33,945)	309,523	(91,176)
Net cash flows used in operating activities	(684,340)	(541,291)	(1,862,444)	(2,124,102)
CASH FLOWS FROM INVESTING ACTIVITIES				
Acquisition of mineral property	(35,200)	-	(35,200)	-
Net cash used in investing activities	(35,200)	-	(35,200)	-
CASH FLOWS FROM FINANCING ACTIVITIES				
Subscriptions received in advance	219,750	-	219,750	(485,000)
Issuance of share capital	1,152,858	2,081	1,211,608	3,817,081
Share issue costs	-	-	-	(43,789)
Net cash provided by financing activities	1,372,608	2,081	1,431,358	3,288,292
Change in cash during the period	653,068	(539,210)	(466,286)	1,164,190
Cash, beginning of period	230,613	2,213,762	1,349,967	510,362
Cash, end of period	$ 883,681	$ 1,674,552	$ 883,681	$ 1,674,552

Supplemental disclosure with respect to cash flows (Note 6)

The accompanying notes are an integral part of these interim 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.

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

On October 19, 2010, the Company consolidated its issued and outstanding common shares on a 5 old for 1 new basis. Trading of the consolidated shares commenced on October 20, 2010. All share and per share amounts in these financial statements have been changed to reflect the share consolidation (Note 4).

These interim consolidated financial statements have been prepared in accordance with Canadian generally accepted accounting principles on a going concern basis that presumes the realization of assets and discharge of liabilities in the normal course of business for the foreseeable future. The Company has incurred losses from inception and the inability to raise additional financing may impact the future assessment of the Company as a going concern. The Company's ability to continue as a going concern is dependent upon its ability to attain future profitable operations and to obtain the necessary financing to meet its obligations and repay its liabilities arising from normal business operations when they come due. While the Company has been successful in obtaining its required financing in the past, there is no assurance that such financing will be available in the future. These interim consolidated financial statements do not include any adjustments to the amounts and classification of assets and liabilities that might be necessary should the Company not be able to continue as a going concern.

2. SIGNIFICANT ACCOUNTING POLICIES

Principles of consolidation

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

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

Use of estimates

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

2. SIGNIFICANT ACCOUNTING POLICIES (cont'd…)

Mineral properties

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

Equipment

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

Foreign currency translation

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

Stock-based compensation

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

Asset retirement obligation

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

Loss per share

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

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

2. SIGNIFICANT ACCOUNTING POLICIES (cont'd…)

Income taxes

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

Financial instruments

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

The Company has classified its cash as held-for-trading. Receivables are classified as loans and receivables. Accounts payable and accrued liabilities are classified as other financial liabilities which are measured at amortized cost.

Additional disclosure on the measurement of fair value of financial instruments has been provided in Note 8, including classification within a three level hierarchy that takes into account the significance of the inputs used in making the fair value measurements. The three levels of the fair value hierarchy are described below.

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

Adoption of new accounting standards and developments

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

2. SIGNIFICANT ACCOUNTING POLICIES (cont'd…)

Future accounting pronouncements

International financial reporting standards ("IFRS")

In 2006, the Canadian Accounting Standards Board ("AcSB") published a new strategic plan that will significantly affect financial reporting requirements for Canadian companies. The AcSB strategic plan outlines the convergence of Canadian GAAP with IFRS over an expected five year transitional period. In February 2008, the AcSB announced that 2011 is the changeover date for publicly-listed companies to use IFRS, replacing Canada's own GAAP. The date is for interim and annual financial statements relating to fiscal years beginning on or after January 1, 2011. The Company's transition date of May 1, 2011 will require the restatement for comparative purposes of amounts reported by the Company for the year ended April 30, 2011. The Company has begun assessing the adoption of IFRS for fiscal 2012 and is currently assessing the financial reporting impact of the transition to IFRS and its choices under IFRS 1.

Business Combinations

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

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

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

3. MINERAL PROPERTIES

	Santa Cruz, Mexico	Coneto, Mexico	Las Mesas, Mexico	Total
Balance, as at April 30, 2009	2,095,450	-	-	2,095,450
Acquisition costs	-	2,090,000	-	2,090,000
Write-off	(2,095,450)	-	-	(2,095,450)
Balance, as at April 30, 2010	-	2,090,000	-	2,090,000
Acquisition costs	-	-	35,200	35,200
Balance, as at January 31, 2011	$ -	$ 2,090,000	$ 35,200	$ 2,125,200

3. MINERAL PROPERTIES (cont'd…)

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

Santa Cruz, Mexico

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

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

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

Coneto, Mexico

On July 16, 2009, the Company signed a letter of intent to purchase 100% of the core mineral concessions within the Coneto silver-gold mining camp in Durango State, Mexico, in exchange for 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.

On February 10, 2011, the Company announced that it had 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. The principal terms of the letter of intent are:

a) Fresnillo will spend a minimum of US$2,000,000 on exploration during the first year within the Coneto mining 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.

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.

3. MINERAL PROPERTIES (cont'd…)

Coneto, Mexico (cont'd…)

d) Fresnillo will have the right to increase its ownership of NewCo to 70% by advancing the Coneto project to the pre-feasibility stage.

e) Following the delivery of a pre-feasibility report, any additional funding required will be provided by the Company and Fresnillo in proportion to their respective ownership interests in NewCo.

f) Fresnillo will have a right of first refusal to acquire the Company's ownership interest in NewCo if the Company proposes to sell its interest to a third party.

g) Fresnillo will participate in a unit private placement of the Company's common shares for a total consideration of $2,000,000. The price per unit will be set at $0.80 and the private placement will close on the execution of the definitive joint venture transaction documents. Each unit will consist of one common share and one half of one share purchase warrant. Each whole share purchase warrant will be valid for 24 months from the date of the private placement, and entitle Fresnillo to purchase one additional common share of the Company at a price of $1.00 per share.

h) During the life of the joint venture, in the event that the Company 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.

The Company expects to enter a definitive agreement with Fresnillo shortly, per the terms indicated in the letter of intent.

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.

To maintain the option in good standing, the Company is required to make cash payments to La Cuesta per the following schedule:

Fiscal Year	Option Maintenance Payments
2011	US$ 15,000
2012	12,500
2013	20,000
2014	30,000
2015 and subsequent years	40,000

In addition, the Company was required to incur exploration expenditures of US$50,000 on the Las Mesas property prior to December 1, 2011. The Company completed this spend requirement during the third quarter of fiscal 2011.

The Las Mesas property is subject to a 1.0% NSR royalty payable to La Cuesta. The minimum payment under the NSR royalty will be US$80,000 per year if the Las Mesas property is placed into production prior to exercise of the option.

3. MINERAL PROPERTIES (cont'd…)

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.

The Company and Barsele Guld anticipate signing a final agreement shortly, subject to approval by the TSX Venture Exchange. As part of its due diligence prior to signing a final agreement, the Company will obtain a legal opinion on the validity and transferability of the Barsele claims and obtain assurance from the relevant Swedish authority that the work program the Company proposes to undertake on various expired claims at Barsele will allow the Company to gain ownership of them.

Under the terms of the final agreement, as consideration for all of the issued and outstanding shares of Gunnarn Mining and Gunnarn Exploration, the Company will agree to make the following payments to Barsele Guld, in cash and issuances of common shares of the Company:

a) On completing the final agreement, US$2,000,000, of which US$500,000 will be held in an escrow account between the date the agreement is signed and the date the agreement is completed, during which period, the Company will seek approval of the final agreement by the TSX Venture Exchange;

b) On completing the final agreement, the lesser of 2,000,000 common shares or the number of common shares worth 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;

c) On the 1st anniversary of completing the final agreement, US$1,000,000 plus the lesser of 1,000,000 common shares or the number of common shares worth US$500,000. If the value of the common shares issued is less than US$500,000, the balance shall be paid in cash;

d) On the 2nd anniversary of completing the final agreement, US$2,000,000;

e) On the 3rd anniversary of completing the final agreement, the lesser of 2,000,000 common shares or the number of common shares worth 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;

f) On the 4th anniversary of completing the final agreement, the lesser of 2,000,000 common shares or the number of common shares worth 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 will agree to make direct exploration expenditures as follows:

a) Before the 1st anniversary of completing the final agreement, US$1,000,000 of exploration expenditures;

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

The Company will pay a finder's fee upon completing the final agreement.

3. MINERAL PROPERTIES (cont'd…)

Barsele, Sweden (cont'd…)

Barsele Guld will retain a 2 per cent 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.

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.

4. SHARE CAPITAL AND CONTRIBUTED SURPLUS

	Number of Shares	Share Capital	Contributed Surplus
Authorized:			
Unlimited number of common shares without par value			
Issued:			
Balance at April 30, 2009	13,024,294	$ 11,172,203	$ 1,516,443
Private placement	6,505,000	3,505,000	-
Finders Fees	487,875	262,875	-
Mineral properties	2,200,000	2,090,000	-
Warrants exercised	468,275	428,706	-
Options exercised	40,600	63,192	(42,892)
Stock-based compensation	-	-	933,480
Share issuance costs	-	(306,664)	-
Balance at April 30, 2010	22,726,044	17,215,312	2,407,031
Warrants exercised	1,565,477	1,174,108	-
Options exercised	70,000	80,845	(43,345)
Stock-based compensation	-	-	42,357
Balance at January 31, 2011	24,361,521	$ 18,470,265	$ 2,406,043

Share Consolidation

On October 19, 2010, the Company consolidated its issued and outstanding common shares on a 5 old for 1 new basis. Trading of the consolidated shares commenced on October 20, 2010. All share and per share amounts in these financial statements have been changed to reflect the share consolidation.

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

Share Consolidation (cont'd…)

Although the consolidation did not result in a modification of the quantity or exercise price of options and warrants which were outstanding on October 19, 2010, the conversion ratio of these options and warrants, originally 1:1, was modified to 1:5. The conversion ratio indicates the number of shares that are issuable upon the exercise of one option or warrant. As no partial shares will be issued, these options and warrants with a 1:5 conversion ratio may only be exercised in multiples of five. All disclosures in these financial statements of the number of options and warrants and their exercise prices reflect the number and cost of the underlying shares that will be issued upon their exercise.

New options or warrants issued subsequent to October 19, 2010 will have a conversion ratio of 1:1.

Share Subscriptions

As at January 31, 2011, the Company had received $219,750 for share subscriptions to a private placement that was completed on March 4, 2011 (Note 10).

Private placements

On June 22, 2009, the Company issued 505,000 units at $1.00 per unit for gross proceeds of $505,000 under a non-brokered private placement. Each unit consisted of one common share and one half of one non-transferable share purchase warrant. Each whole share purchase warrant entitles the holder thereof to purchase one additional common share for 24 months from the date of closing at a price of $1.50 per common share for a total of 252,500 shares. The full value of $505,000 was assigned to the common shares. In connection with the private placement, the Company issued 37,875 units valued at $37,875 as a commission with terms similar to those issued under the private placement. The Company incurred cash share issuance costs of $12,174 on the private placement. The Company received share subscriptions of $485,000 toward this private placement during fiscal 2009.

On October 14, 2009, the Company issued 6,000,000 units at $0.50 per unit for gross proceeds of $3,000,000 under a non-brokered private placement. Each unit consisted of one common share and one half of one non-transferable share purchase warrant. Each whole share purchase warrant entitles the holder thereof to purchase one additional common share for 24 months from the date of closing at a price of $0.75 per common share, for a total of 3,000,000 shares. The full value of $3,000,000 was assigned to the common shares. In connection with the private placement, the Company issued 450,000 units valued at $225,000 as a commission with terms similar to those issued under the private placement. The Company incurred cash share issuance costs of $31,615 on the private placement.

Stock options and warrants

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

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

Stock options and warrants (cont'd…)

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

	Warrants		Stock Options	
	Number of Shares	Weighted Average Exercise Price	Number of Shares	Weighted Average Exercise Price
Outstanding, April 30, 2009	4,243,750	$ 0.80	907,400	$ 1.11
Granted	3,496,437	0.81	1,210,000	0.99
Exercised	(468,275)	0.92	(40,600)	0.50
Expired	(493,750)	1.00	(10,000)	2.00
Outstanding, April 30, 2010	6,778,162	0.78	2,066,800	0.81
Granted	-	-	70,000	0.90
Exercised	(1,565,477)	0.75	(70,000)	0.54
Forfeited	-	-	(50,000)	0.50
Outstanding, January 31, 2011	5,212,685	$ 0.78	2,016,800	$ 0.84
Number exercisable at January 31, 2011	5,212,685	$ 0.78	1,981,800	$ 0.83

The following options and warrants to acquire common shares of the Company were outstanding at January 31, 2011:

	Number of Shares	Exercise Price	Expiry Date
Options			
	99,800	$ 0.50	June 7, 2014(1)
	20,000	0.50	June 7, 2014(1)
	176,000	0.50	September 11, 2011(1)
	30,000	2.15	September 11, 2011
	40,000	0.50	November 6, 2011
	5,000	0.50	May 9, 2012
	266,000	0.50	September 27, 2012(1)
	10,000	1.35	September 27, 2012
	40,000	0.50	June 17, 2013(1)
	50,000	0.50	December 19, 2013
	60,000	0.75	July 17, 2011
	1,150,000	1.00	April 28, 2015
	70,000	0.90	June 9, 2015
Warrants			
	1,842,748	0.75	February 24, 2011
	271,437	1.50	June 22, 2011
	3,098,500	0.75	October 14, 2011

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

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

(1) During the fourth quarter of fiscal 2010, a total of 394,000 options were repriced to $0.50 per option upon receiving disinterested shareholder approval at its annual general meeting on September 29, 2009, resulting in additional stock-based compensation of $52,125.

Stock-based compensation

During the nine months ended January 31, 2011, the Company granted 70,000 (2010 – 130,000) stock options to directors, officers or consultants of the Company. The weighted average fair values of options granted are calculated using the Black-Scholes option pricing model. During the nine months ended January 31, 2011, the weighted average fair value of each option granted was $0.68 (2010 – $0.43) and was calculated using the following weighted average assumptions:

	Nine Months Ended January 31, 2011	Nine Months Ended January 31, 2010
Expected option lives	5 years	3.6 years
Risk-free interest rate	2.55%	1.79%
Expected dividend yield	0%	0%
Expected stock price volatility	100%	108%

The stock-based compensation expense for stock options, granted in the current and prior periods, that vested in the nine months ending January 31, 2011 was $42,357 (2010 - $100,616).

5. CAPITAL MANAGEMENT

The Company defines its capital as cash and all components of shareholders' equity. The Company has no debt obligations. The Board of Directors does not establish quantitative return on capital criteria for management due to the nature of the Company's business. The Company has in the past invested its capital in liquid investments to obtain adequate returns. The investment decision is based on cash management to ensure working capital is available to meet the Company's short-term obligations while maximizing liquidity and returns on unused capital. The Company does not pay dividends. The Company is not subject to any externally imposed capital requirements.

The Company raises capital to fund its corporate and exploration costs through the sale of its common shares or units consisting of common shares and warrants in order to operate its business and safeguard its ability to continue as a going concern. Although the Company has been successful at raising funds in the past through issuance of capital stock, it is uncertain whether it will continue this financing due to uncertain economic conditions. There have been no changes to the Company's approach to capital management during the current period.

6. SUPPLEMENTAL DISCLOSURE WITH RESPECT TO CASH FLOWS

	Nine Months Ended January 31, 2011	Nine Months Ended January 31, 2010
Cash paid during the period for interest	$ -	$ -
Cash paid during the period for income taxes	$ -	$ -

Significant non-cash transactions during fiscal 2010 included:

a) Issuing 2,200,000 common shares valued at $2,090,000 pursuant to the acquisition of mineral properties (Note 3).

b) Issuing 487,875 units at a value of $262,875 as finder's fees for private placements (Note 4).

7. RELATED PARTY TRANSACTIONS

During the nine months ended January 31, 2011, the Company entered into the following transactions with related parties:

c) Paid or accrued management fees of $132,100 (2010 - $125,400) to companies controlled by officers of the Company.

d) Paid or accrued rent of $54,000 (2010 - $58,650) to a company with common directors.

e) Paid or accrued fees of $45,000 (2010 - $45,000) to companies controlled by directors. These amounts were included in exploration expenditures.

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

8. FINANCIAL INSTRUMENTS

Fair value of financial instruments

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

Concentrations of business risk

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

8. FINANCIAL INSTRUMENTS (cont'd…)

Concentrations of business risk (cont'd…)

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

Credit risk

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

Liquidity risk

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

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

Foreign exchange risk

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

The Company's exposure to foreign currency risk is on its cash, receivables and accounts payable and accrued liabilities. At January 31, 2011, a hypothetical change of 10% in the foreign exchange rate between the Canadian dollar and US dollar would have a $3,000 effect on loss and comprehensive loss while a hypothetical change of 10% in the foreign exchange rate between the Canadian dollar and the Mexican Peso would have a $10,000 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 January 31, 2011, a hypothetical change of 1% in the interest rate would have a $2,000 effect on net loss and comprehensive loss for the upcoming quarter.

Price risk

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

9. SEGMENTED INFORMATION

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

	January 31, 2011	April 30, 2010
Mineral properties		
Mexico	$ 2,125,200	$ 2,090,000

10. SUBSEQUENT EVENTS

a) On February 10, 2011, the Company announced that it had signed a non-binding letter of intent with Fresnillo to jointly explore the contiguous mineral concessions held by the Company and Fresnillo in the Coneto mining district (Note 3). As well, Fresnillo will participate in a unit private placement of the Company's common shares for a total consideration of $2,000,000. The price per unit will be set at $0.80 and the private placement will close on the execution of the definitive joint venture transaction documents. Each unit will consist of one common share and one half of one share purchase warrant. Each whole share purchase warrant will be valid for 24 months from the date of the private placement, and entitle Fresnillo to purchase one additional common share of the Company at a price of $1.00 per share.

b) 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 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. In connection with the private placement, the Company paid cash of $14,000 and issued 159,425 units valued at $127,540 as a commission, with the units having terms similar to those issued under the private placement. The Company incurred other cash share issuance costs of $20,772 on the private placement.

c) Between February 1, 2011 and March 14, 2011, the Company issued 1,479,622 common shares on the exercise of warrants, for cash proceeds of $1,109,717.