OREX MINERALS INC.

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

July 31, 2017

Notice to Reader

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

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

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

OREX MINERALS INC.
CONDENSED CONSOLIDATED INTERIM STATEMENTS OF FINANCIAL POSITION
As at July 31, 2017 and April 30, 2017
(Expressed in Canadian Dollars - Unaudited)

	July 31, 2017	April 30, 2017
ASSETS		
Current		
Cash	$ 4,568,780	$ 2,387,496
Receivables (Note 13)	1,657	2,780,624
Prepaid expenses and deposits	92,386	152,656
	4,662,823	5,320,776
Equipment (Note 4)	64,804	70,269
Deposits	31,000	31,000
Investment in associate (Note 7)	2,131,444	2,127,125
IVA receivable (Note 13)	590,783	588,306
Exploration and evaluation assets (Note 5)	1,230,000	1,230,000
	$ 8,710,854	$ 9,367,476
LIABILITIES AND SHAREHOLDERS' EQUITY		
Current		
Accounts payable and accrued liabilities	$ 55,180	$ 49,554
	55,180	49,554
Shareholders' equity		
Share capital (Note 9)	29,247,742	29,247,742
Reserves (Note 9)	5,660,481	5,302,255
Accumulated other comprehensive income	64,072	26,777
Deficit	(26,316,621)	(25,258,852)
	8,655,674	9,317,922
	$ 8,710,854	$ 9,367,476

Nature and continuance of operations (Note 1)
Events after the reporting date (Note 15)
Approved and authorized by the board on September 27, 2017

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

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

OREX MINERALS INC.
CONDENSED CONSOLIDATED INTERIM STATEMENTS OF OPERATIONS AND COMPREHENSIVE INCOME (LOSS)
Three Months Ended July 31, 2017 and 2016
(Expressed in Canadian Dollars - Unaudited)

	Three Months Ended July 31	
	2017	2016
EXPLORATION EXPENSES		
Drilling	$ -	$ 86,860
Geological (Note 12)	120,631	247,893
Assay	1,694	58,051
General exploration	83,877	128,046
	206,202	520,850
GENERAL EXPENSES		
Consulting fees	15,286	51,626
Depreciation	5,465	5,738
Investor relations (Note 12)	72,424	71,375
Management fees (Note 12)	75,053	118,690
Office and administrative (Note 12)	95,152	51,998
Professional fees	31,234	55,200
Rent (Note 12)	29,179	55,853
Share-based payments (Note 9)	358,226	60,785
Transfer agent and filing fees	740	21,550
Travel and entertainment	18,321	27,085
	701,080	519,900
	(907,282)	(1,040,750)
Interest income (expense)	20,634	(820)
Equity loss in associated company (Note 7)	(32,976)	3,988
Other foreign exchange gain (loss)	(138,145)	41,591
	(150,487)	44,759
Loss from continuing operations	(1,057,769)	(995,991)
Income from discontinued operations (Note 6)	-	112,978
	(1,057,769)	(883,013)
Equity investment – foreign currency translation (Note 7)	37,295	-
Loss and comprehensive income (loss) for the period	$ (1,020,474)	$ (883,013)
Basic and diluted loss per common share from continuing operations	$ (0.01)	$ (0.01)
Basic and diluted gain per common share from discontinued operations	$ 0.00	$ 0.00
Basic and diluted gain (loss) per common share	$ (0.01)	$ (0.01)
Weighted average number of common shares outstanding	113,431,397	110,766,499

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

OREX MINERALS INC.
CONDENSED CONSOLIDATED INTERIM STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY
At July 31, 2017
(Expressed in Canadian Dollars - Unaudited)

	Common Shares	Share Capital	Reserves	Accumulated other comprehensive income	Deficit	Total Shareholders' Equity
Balance, April 30, 2016	**110,671,379**	**$ 28,265,264**	**$ 5,440,698**	**$ -**	**$ (20,966,581)**	**$ 12,739,381**
Options exercised	475,000	232,758	(115,008)	-	-	117,750
Warrants exercised	875,000	277,250	(14,750)	-	-	262,500
Share-based payments	-	-	60,785	-	-	60,785
Loss for the period	-	-	-	-	(883,013)	(883,013)
Balance, July 31, 2016	**112,021,379**	**$ 28,775,272**	**$ 5,371,725**	**$ -**	**$ (21,849,594)**	**$ 12,297,403**
Options exercised	250,000	96,870	(41,870)	-	-	55,000
Warrants exercised	1,160,000	375,600	(27,600)	-	-	348,000
Share-based payments	-	-	-	-	-	-
Loss for the period	-	-	-	26,777	(3,409,258)	(3,382,481)
Balance, April 30, 2017	**113,431,379**	**$ 29,247,742**	**$ 5,302,255**	**$ 26,777**	**$ (25,258,852)**	**$ 9,317,922**
Share-based payments	-	-	358,226	-	-	358,226
Loss for the period	-	-	-	37,295	(1,057,769)	(1,020,474)
Balance, July 31, 2017	**113,431,379**	**$ 29,247,742**	**$ 5,660,481**	**$ 64,072**	**$ (26,316,621)**	**$ 8,655,674**

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

OREX MINERALS INC.
CONDENSED CONSOLIDATED INTERIM STATEMENTS OF CASH FLOWS
Three Months Ended July 31, 2017 and 2016
(Expressed in Canadian Dollars - Unaudited)

	Three Months Ended July 31 2017	Three Months Ended July 31 2016
CASH FLOWS FROM OPERATING ACTIVITIES		
Loss for the period	$ (1,057,769)	$ (883,013)
Items not affecting cash:		
Share-based payments	358,226	60,785
Depreciation	5,465	5,738
Gain on discontinued operations	-	(112,978)
Equity loss of associated company	32,976	3,988
Accretion/interest income on GIC	(20,634)	-
Unrealized foreign exchange	138,145	108,990
Changes in non-cash working capital items:		
(Increase) decrease in receivables	164,456	(159,934)
(Increase) decrease in prepaid expenses	60,270	(28,857)
Increase in deposits	-	-
(Decrease) increase in IVA receivable	(2,477)	17,359
(Decrease) increase in accounts payable and accrued liabilities	5,626	(259,387)
Cash used in operating activities	(315,716)	(1,247,309)
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of equipment	-	(36,777)
Cash used in investing activities	-	(36,777)
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from option exercise	-	117,750
Proceeds from warrant exercise	-	262,500
Proceeds from Agnico Eagle Mines Ltd. payment	2,497,000	2,600,000
Cash provided by financing activities	2,497,000	2,980,250
Increase (decrease) in cash during the period	2,181,284	1,696,164
Cash, beginning of period	2,387,496	4,523,133
Cash, end of period	$ 4,568,780	$ 6,219,297

Supplemental disclosure with respect to cash flows (Note 11)

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, Sweden and Canada.

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

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

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

These condensed consolidated 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 as to the Company's ability to continue as a going concern.

These condensed 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 condensed consolidated interim financial statements, including comparatives, have been prepared in accordance with International Accounting Standard ("IAS") 34, "Interim Financial Reporting" using accounting policies consistent with IFRS as issued by the International Accounting Standards Board ("IASB") and interpretations issued by the International Financial Reporting Interpretations Committee ("IFRIC"). These condensed consolidated interim financial statements have been prepared following the same accounting policies and methods of computation as the audited consolidated financial statements for the fiscal year ended April 30, 2017. These condensed consolidated interim financial statements should be read in conjunction with the audited consolidated financial statements, and the notes thereto, for the year ended April 30, 2017.

These condensed consolidated interim financial statements have been prepared on a historical cost basis, except for, long term receivables, which are recognized at amortized cost and financial instruments classified at fair value through profit or 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...)

Critical Accounting Estimates

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

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

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

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

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

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

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

f) The functional currency of the equity investment is considered to be the Mexican Peso. The investment is controlled by a Mexican parent company and expenditures are primarily in the local currency.

3. SIGNIFICANT ACCOUNTING POLICIES

Principles of consolidation

These condensed consolidated interim financial statements include the accounts of the Company and its controlled subsidiaries (Note 12). Control exists when the Company has the power, directly or indirectly, to govern the financial and operating policies of an entity so as to obtain benefits from its activities. The financial statements of subsidiaries are included in the consolidated financial statements from the date that control commences until the date that control ceases. All significant intercompany balances and transactions have been eliminated upon consolidation.

Exploration and evaluation assets

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

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

Equipment

Equipment is recorded at cost and depreciated over its estimated useful life using the declining balance method at a rate of 25% per annum. Cost comprises the fair value of consideration given to acquire or construct an asset and includes the direct charges associated with bringing the asset to the location and condition necessary for putting it into use. When parts of equipment have different useful lives, they are accounted for as separate items (major components) of equipment. The cost of major overhauls of parts of equipment is recognized in the carrying amount of the item if it is probable that the future economic benefits embodied within the part will flow to the Company, and its cost can be measured reliably. The carrying amount of the replaced part is derecognized. The costs of the day-to-day servicing of equipment are recognized in profit or loss as incurred.

Impairment

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

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

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 exploration and evaluation assets and equipment, when those obligations result from the acquisition, construction, development or normal operation of the assets. The net present value of future rehabilitation cost estimates arising from the decommissioning of plant and other site preparation work is capitalized to the related 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 the related 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 the related assets with a corresponding entry to the rehabilitation provision. The Company's estimates are reviewed annually for changes in regulatory requirements, discount rates, effects of inflation and changes in estimates.

Changes in the net present value, excluding changes in the Company's estimates of reclamation costs, are charged to profit or loss for the period. The Company has no material restoration, rehabilitation or environmental obligations as the disturbance to date is limited.

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 profit or 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 profit or 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 liability was acquired. The Company's accounting policy for each category is as follows:

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

Other financial liabilities -This category includes promissory notes, accounts payable and accrued liabilities. These are initially measured at fair value, net of transaction costs, and are subsequently measured at amortized cost using effective interest method, with interest expense recognized on an effective yield basis.

The Company has classified its cash as fair value through profit or loss. The Company's receivables are classified as loans and receivables. The Company's accounts payable and accrued liabilities 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 corporate entity is the Canadian dollar. The functional currency determinations were conducted through an analysis of the consideration factors identified in IAS 21, *The Effects of Changes in Foreign Exchange Rates*.

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

On inclusion of an equity investment with functional currency other than the Canadian dollar, the assets and liabilities are translated into Canadian dollars using the period-end rate and the operations and cash flows translated using the average rates of exchange. Exchange adjustments arising when the opening net assets and the profit or loss are translated into Canadian dollars are taken into a separate component of equity and reported in other comprehensive profit or loss.

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

Share-based payments

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

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

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

Investment in Associate

Associated companies over which the Company has significant influence are accounted for using the equity basis of accounting, whereby the investment is initially recorded at cost, adjusted to recognize the Company's share of earnings or losses and reduced by dividends received. The Company assesses its equity investments for impairment if there is objective evidence of impairment as a result of one or more events that occurred after the initial recognition of the equity investment and that the event or events has an impact on the estimated future cash flow of the investment that can be reliably estimated.

Objective evidence of impairment of equity investment includes:

- Significant financial difficulty of the associated companies;
- Becoming probable that the associated companies will enter bankruptcy or other financial reorganization; or
- National or local economic conditions that correlate with defaults of the associated companies.

Income or loss per share

Basic income (loss) per share is calculated by dividing the net income (loss) available to common shareholders by the weighted average number of shares outstanding during the period.

Dilutive income per share reflects the potential dilution of securities that could share in income of an entity and is determined by adjusting the net income attributable to common shareholders and the weighted average number of common shares outstanding for the effects of dilutive instruments such as options granted to employees. In a loss year, potentially dilutive common shares are excluded from the loss per share calculation as the effect would be anti-dilutive.

	July 31, 2017	April 30, 2017
Weighted average shares used in computation of basic income (loss) per share	113,431,379	112,763,311
Effect of diluted securities:		
Stock options	-	-
Weighted average shares used in computation of diluted income (loss) per share	113,431,379	112,763,311

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

Income taxes

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

Deferred tax is recorded by 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.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority and the Company intends to settle its current tax assets and liabilities on a net basis.

New standards not yet adopted

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

IFRS 9 Financial Instruments ("IFRS 9")

IFRS 9 was issued by the IASB in October 2010 and will replace IAS 39 Financial Instruments: Recognition and Measurement ("IAS 39"). IFRS 9 uses a single approach to determine whether a financial asset is measured at amortized cost or fair value, replacing the multiple rules in IAS 39. The approach in IFRS 9 is based on how an entity manages its financial instruments in the context of its business model and the contractual cash flow characteristics of the financial assets. Most of the requirements in IAS 39 for classification and measurement of financial liabilities were carried forward unchanged to IFRS 9. The new standard also requires a single impairment method to be used, replacing the multiple impairment methods in IAS 39. IFRS 9 has an effective date of January 1, 2018.

IFRS 16 Leases ("IFRS 16")

Effective for annual periods commencing on or after January 1, 2019, this new standard eliminates the classification of leases as either operating or finance leases and introduces a single lessee accounting model which requires the lessee to recognize assets and liabilities for all leases with a term of longer than 12 months. The Company is currently assessing the impact of these new accounting standards on its consolidated financial statements.

(Expressed in Canadian Dollars - Unaudited)

4. EQUIPMENT

		Field equipment
Cost		
Balance, as at April 30, 2017	$	92,625
Acquisition costs		-
Disposals		-
Balance, as at July 31, 2017	$	92,625
Accumulated depreciation		
Balance, as at April 30, 2017	$	(22,356)
Additions		(5,465)
Disposals		-
Balance, as at July 31, 2017	$	(27,821)
Net book value		
Balance, as at April 30, 2017	$	70,269
Balance, as at July 31, 2017	$	64,804

5. EXPLORATION AND EVALUATION ASSETS

	Sandra Escobar, Mexico	Coneto, Mexico	Jumping Josephine, Canada	Total
Balance, as at April 30, 2016	$ 500,000	$ 2,090,000	$ 730,000	$ 3,320,000
Acquisition costs	-	-	-	-
Contribution to investment in associate	-	(2,090,000)	-	(2,090,000)
Balance, as at April 30, 2017	$ 500,000	$ -	$ 730,000	$ 1,230,000
Acquisition costs	-	-	-	-
Balance, as at July 31, 2017	$ 500,000	$ -	$ 730,000	$ 1,230,000

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

5. EXPLORATION AND EVALUATION ASSETS (cont'd…)

Sandra Escobar, Mexico

On September 15, 2015, the Company entered into an option agreement with Canasil Resources Inc. ("Canasil"), with respect to Canasil's Sandra Escobar Project in Durango, Mexico. The Company has a right to earn up to a 65% ownership interest in the Project.

The Option Agreement provides that the Company may earn a 55% ownership interest (the "First Option") in the Project by making a payment of $500,000 (paid) to Canasil upon execution of the Option Agreement and completing US$2,000,000 in exploration and development expenditures (the "Expenditures") on the Project within three years of entering into the Option Agreement. In connection with the First Option, the Company must incur a minimum of US$675,000 (incurred) in Expenditures in the first year of the Option Agreement and US$500,000 (incurred) in Expenditures in the second year of the Option Agreement. Provided that the Company exercises the First Option, the Company may earn an additional 10% ownership interest (the "Second Option", and together with the First Option, the "Options") in the Project, for a total 65% ownership interest, by completing a further US$2,000,000 in Expenditures within two years of exercising the First Option and by making a payment to Canasil of $500,000 in cash and/or the Company shares, at the option of the Company. In connection with the Second Option, the Company must incur a minimum of US$675,000 in Expenditures during the first year of the Second Option.

Upon exercise of the First Option, the Company and Canasil will enter into a joint venture with respect to the development of the Project based on their respective interests in the Project. If the Company exercises the Second Option, the Company's interest in the joint venture will be increased to 65%.

During the year ended April 30, 2017, the Company completed the First Option, and has earned a 55% ownership interest. The Company will not be proceeding with the Second Option.

Coneto, Mexico

In fiscal 2010, the Company purchased 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, valued at $2,090,000.

The Coneto property is subject to a 2.5% net smelter returns ("NSR") royalty payable to the vendors.

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

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

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

c) Upon Fresnillo spending an aggregate of US$6,000,000 on exploration activities, the Company and Fresnillo will each contribute their respective Coneto mining concessions to a new company ("NewCo") that initially would be owned 55% by Fresnillo and 45% by the Company. On September 24, 2015, the Company announced that the Coneto project earn-in expenditures of US$6 million had been reached by Fresnillo. The Company and Fresnillo will now proceed on the basis of a 45%/55% respective ownership.

5. EXPLORATION AND EVALUATION ASSETS (cont'd…)

Coneto, Mexico (cont'd...)

d) Fresnillo will have the right to increase its ownership of NewCo to 70% by either completing a prefeasibility study or spending up to an additional US$21,000,000 in the process of preparing a prefeasibility study. If Fresnillo chooses to not exercise the right to increase its ownership of NewCo to 70%, the costs incurred to complete a prefeasibility study will be shared by Fresnillo and the Company in proportion to their ownership of NewCo; 55% by Fresnillo and 45% by the Company.

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

f) Fresnillo will have a right of first refusal to acquire the Company's ownership interest in NewCo if the Company receives an offer for its interest in NewCo that it proposes to accept.

g) During the life of the Association Agreement, in the event that the Company, or any of its subsidiaries, enters into a transaction to acquire an interest in any additional mineral properties in Mexico and then later decides to sell or option out that interest to a third party, Fresnillo will have a right of first refusal to participate in such transaction on the same terms and conditions as offered to the third party.

On July 1, 2016, the Company and Fresnillo, pursuant to the definitive agreement, have contributed their respective Coneto mining concessions to a new company, Exploracions y Desarrollos Mineros Coneto S.A.P.I. de C.V. ("EDMC"). The ownership is 55% Fresnillo, 45% by the Company (Note 7).

Jumping Josephine, Canada

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

(Expressed in Canadian Dollars - Unaudited)

6. ASSETS HELD FOR SALE AND DISCONTINUED OPERATIONS

In fiscal 2015, the Company entered into a letter of intent ("LOI") with Agnico Eagle Mines Limited ("Agnico") with respect to the development of the Company's Barsele Project.

Pursuant to the terms of the LOI, Agnico would acquire an initial 55% interest in the Project, by acquiring 55% of Gunnarn Mining, on payment to the Company of US$10 million (US$6 million on closing of the transaction and US $2 million on each of the first (received June 11, 2016) and second anniversaries (received June 9, 2017) of closing of the transaction. As part of the transaction, Agnico would commit to spend US$7 million on exploration over three years (incurred).

Agnico would earn an additional 15% interest by completing a pre-feasibility study on the Project. The Company will also be granted a 2% NSR, which may be terminated in exchange for a payment to the Company of US$5 million. In June 2015, the Company closed the transaction and received the US$6 million. On June 11, 2015, the Company closed the joint venture transaction with Agnico.

On April 24, 2015, the Company entered into a promissory note with Agnico, pursuant to which Agnico lent the Company US$600,000 ($732,984), bearing interest at a rate of 7.850% per annum. On June 11, 2015, the Company settled the outstanding promissory note of US$600,000 ($736,800) and interest of $7,746.

Loss from discontinued operations reported in the consolidated statements of operations and comprehensive income (loss) is as follows:

	Three Months Ended July 31, 2016	Year Ended April 30, 2016
Exploration expenses		
Geological	$ -	$ 71,738
Assay	-	-
General exploration	-	-
	-	71,738
General expenses		
Professional fees	139	122,027
	139	122,027
	(139)	(193,765)
Other foreign exchange gain	113,117	-
Gain/(loss) from discontinued operations	$ 112,978	$ (193,765)

(Expressed in Canadian Dollars - Unaudited)

6. ASSETS HELD FOR SALE AND DISCONTINUED OPERATIONS (cont'd…)

Cash flows from discontinued operations reported in the consolidated statements of cash flows is as follows:

	Three Months Ended July 31, 2016	Year Ended April 30, 2016
CASH FLOWS FROM OPERATING ACTIVITIES		
Gain/(loss) from discontinued operations:	$ 112,978	$ (193,765)
Changes in non-cash working capital items:		
Decrease/ (increase) in receivables	(5,915)	27,039
Decrease/(increase) in prepaid expenses	-	11,787
Increase in accounts payable and accrued liabilities	(18,239)	(100,984)
Cash used in operating activities	(88,824)	(255,923)
CASH FLOWS FROM FINANCING ACTIVITIES		
Cash attributed to continuing operations	88,824	213,122
Cash from financing activities	88,824	213,122
Increase (decrease) in cash during the year	-	(42,801)
Cash, beginning of the year	-	42,801
Cash, end of year	$ -	$ -

(Expressed in Canadian Dollars - Unaudited)

6. ASSETS HELD FOR SALE AND DISCONTINUED OPERATIONS (cont'd…)

The gain recognized in connection with the sale of the Barsele Gold Project on June 11, 2015 is summarized as follows:

Consideration:		
Cash	$	7,368,000
Current receivable		2,457,000
Long-term receivable		2,422,936
Fair value of consideration received	$	12,247,936
Net assets held for sale:		
Current assets held for sale	$	9,060,236
Current liabilities related to assets held for sale		(82,291)
Promissory note from JV partners		(744,546)
	$	8,233,399
	$	4,014,537
Investment in associated company		(1)
Gain from discontinued operation	$	4,014,536

(Expressed in Canadian Dollars - Unaudited)

7. INVESTMENT IN ASSOCIATE

During the year ended April 30, 2016, the Company's 45% investment in Barsele of $1 was distributed to Barsele. The Company's unrecognized share of the loss for the period from June 11, 2015 to September 25, 2015 was approximately $231,662. The Company had a minority position on the board of its associated company and did not control operational decisions. The Company's judgment is that it had significant influence, but not control and therefore equity accounting was appropriate.

During the year ended April 30, 2017, the Company and Fresnillo, pursuant to a definitive agreement contributed their respective Coneto mining concessions to a new company, EDMC by way of merger. The ownership of EDMC is 55% Fresnillo, 45% by the Company (Note 5).

The Company has a minority position on the technical committee and board of directors of EDMC, and does not control operational decisions. The Company's judgement is that it has significant influence, but not control and accordingly equity accounting is appropriate.

As at July 31, 2017, EDMC's aggregate assets, aggregate liabilities and net losses are as follows:

	July 31, 2017	April 30, 2017
Current assets	$ 163,273	$ 178,338
Non-current assets	1,788,641	1,856,471
Current liabilities	(1,545)	(545)
Net assets	1,950,369	2,034,264
The Company's ownership %	45%	45%
The Company's share of net assets	$ 877,666	$ 915,419

	July 31, 2017	April 30, 2017
Loss for the year	$ (73,280)	$ (838,988)
Other comprehensive income – currency translation	82,879	59,504
Total comprehensive income/loss	9,598	(779,484)
The Company's ownership %	45%	45%
The Company's share of comprehensive income/loss	$ 4,319	$ (350,767)

	July 31, 2017	April 30, 2017
Net investment at July 1, 2016	$ 2,127,125	$ 2,090,000
Additional investment	-	387,892
Equity loss for the period	(32,976)	(377,544)
Other comprehensive income – currency translation	37,295	26,777
Net investment at July 31, 2017	$ 2,131,444	$ 2,127,125

(Expressed in Canadian Dollars - Unaudited)

8. PLAN OF ARRANGEMENT

On September 25, 2015, the Company completed an arrangement agreement with its wholly-owned subsidiary, Barsele, pursuant to which, among other things, the Company transferred to Barsele: (i) the Company’s 45% interest in the Barsele Project; (ii) $500,000 in cash; and (iii) all of the Company's right, title and interest in and to, and all of its benefits and obligations under, the joint venture agreement dated June 11, 2015 among the Company, Agnico Eagle Sweden AB and certain other parties, in exchange for common shares of Barsele to the shareholders of the Company.

The Spinout was effected by way of a court-approved plan of arrangement (the "Arrangement") between the Company and Barsele. Pursuant to the Arrangement, the Company’s shareholders received one new common share of the Company and one Barsele share in exchange for each common share of the Company. Under the arrangement, each outstanding option of the Company was exchanged for one new option of the Company and one option of Barsele to purchase a Barsele share. Also, under the Arrangement, each outstanding warrant of the Company was exchanged for one new warrant of the Company and one warrant of Barsele to purchase a Barsele share.

The carrying value of net assets transferred to Barsele, pursuant to the Plan of Arrangement consisted of the following assets:

Investment in associate	$ 1
Carrying value of net assets	1
Fair value of net assets distributed	20,658,040
Gain on transfer of spin-out assets	$ 20,658,039
Cash payment to Barsele	$ (500,000)
Net gain on transfer of spin-out assets	$ 20,158,039

In accordance with IFRIC 17, Distribution of Non-Cash Assets to Owners, the Company recognized the distribution of net assets to Orex Shareholders at fair value with the difference between that value and the carrying amount of the net assets recognized in the statement of operations and comprehensive income (loss).

The fair value of the net assets distributed was based on the share price of Barsele on September 29, 2015, its first day of trading, of $0.20 multiplied by the total number of the 103,290,199 shares issued.

9. SHARE CAPITAL AND RESERVES

Authorized

Unlimited number of common shares without par value.

Private placements

On September 18, 2015, the Company completed a non-brokered private placement of 1,400,000 common shares at $0.25 per share, for gross proceeds of $350,000 and cash share issuance costs of $3,105.

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.

During the three months ended July 31, 2017, no options or warrants were exercised.

On May 3, 2017, the Company granted 2,950,000 stock options to consultants at an exercise price of $0.17 per share with a five-year term. The options vested immediately.

During the year ended April 30, 2017, 725,000 options were exercised, each option was exercised for one common share of the Company. The options were exercised between $0.15 and $0.44 per option for proceeds of $172,750. The fair value of the options exercised was $156,878.

On May 13, 2016, the Company granted 250,000 stock options to consultants at an exercise price of $0.55 per share with a five-year term. The options vested immediately.

During the year ended April 30, 2017, a total of 2,035,000 warrants were exercised, each warrant was exercised for one common share of the Company. The warrants were exercised at $0.30 per warrant for proceeds of $610,500. The fair value of the warrants exercised was $42,350.

(Expressed in Canadian Dollars - Unaudited)

9. 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 of Shares	Weighted Average Exercise Price	Number of Shares	Weighted Average Exercise Price
Outstanding, April 30, 2016	7,302,500	0.30	9,994,000	0.28
Granted	-		250,000	0.55
Exercised	(2,035,000)	0.30	(725,000)	0.24
Expired	-		(1,639, 000)	0.44
Forfeited	-		(100,000)	0.55
Outstanding, April 30, 2017	5,267,500	0.30	7,780,000	0.25
Granted	-		2,950,000	0.17
Exercised	-		-	
Forfeited	-		-	
Outstanding, July 31, 2017	5,267,500	$ 0.30	10,730,000	$ 0.23
Exercisable at July 31, 2017	5,267,500	$ 0.30	10,730,000	$ 0.23

The following stock options to acquire common shares of the Company were outstanding at July 31, 2017:

	Number of Shares	Exercise Price	Expiry Date
Options			
	1,555,000	$0.15	January 17, 2019
	150,000	0.15	May 9, 2019
	2,175,000	0.15	June 26, 2020
	250,000	0.20	October 30, 2017*
	3,500,000	0.35	January 29, 2021
	150,000	0.55	May 13, 2021
	2,950,000	0.17	May 3, 2022
	10,730,000		

*Options forfeited subsequent to the period ended July 31, 2017

(Expressed in Canadian Dollars - Unaudited)

9. SHARE CAPITAL AND RESERVES (cont'd...)

Stock options and warrants (cont'd…)

The following warrants to acquire common shares of the Company were outstanding at July 31, 2017:

	Number of Shares	Exercise Price	Expiry Date
Warrants			
	2,354,300	0.30	September 13, 2017*
	2,913,200	0.30	November 21, 2017
	5,267,500		

*Warrants expired unexercised subsequent to the period ended July 31, 2017

During the three months ended July 31, 2017, the Company granted 2,950,000 (2016 - 250,000) stock options to consultants of the Company. The weighted average fair values of options granted are calculated using the Black-Scholes option pricing model. During the three months ended July 31, 2017, the weighted average fair value of each option granted was $0.12 (2016 - $0.25) and was calculated using the following weighted average assumptions:

	2017	2016
Expected option lives	5 years	5 years
Risk-free interest rate	0.99%	0.67%
Expected dividend yield	0%	0%
Expected stock price volatility	99%	99%

The share-based payments expense for stock options, vesting during in the three months ended July 31, 2017 was $358,226 (2016–$60,785).

(Expressed in Canadian Dollars - Unaudited)

10. 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.

11. SUPPLEMENTAL DISCLOSURE WITH RESPECT TO CASH FLOWS

There were no non-cash transactions during the three months ended July 31, 2017.

a) Other comprehensive income – currency translation $37,295

Significant non-cash transactions during the three months ended July 31, 2016 included:

a) Options exercised with a fair value of $115,008

b) Warrants exercised with a fair value of $14,750

12. 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
Exploraciones y Desarrollos Mineros Coneto S.A.P.I.	Mexico	45%*	Mineral exploration
Astral Mining Corporation	Canada	100%	Mineral exploration
Astral Mining S.A. de C.V.	Mexico	100%	Mineral exploration

*Equity investment

(Expressed in Canadian Dollars - Unaudited)

12. RELATED PARTY TRANSACTIONS (cont'd...)

During the three months ended July 31, 2017, the Company entered into the following transactions with related parties, directors and key management personnel. Key management personnel are individuals responsible for planning, directing and controlling the activities of the Company and include all directors and officers.

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

	Three months ended July 31, 2017	Three months ended July 31, 2016
Management fees	$ 60,720	$ 94,050
Geological consulting fees	41,796	64,412
Share-based compensation	212,507	-
Total	$ 315,023	$ 158,462

	Three months ended July 31, 2017	Three months ended July 31, 2016
Administration fees*	$ 151,881	$ 95,480
Total	$ 151,881	$ 95,480

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

Included in accounts payable and accrued liabilities as at July 31, 2017 is $11,435 (2016 - $12,972) due to directors or officers or companies controlled by directors.

13. 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 promissory note. 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. Long-term receivable is based on level 3 inputs that are not based on observable market data, as further discussed below.

Concentrations of business risk

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

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

Credit risk

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

As of July 31, 2017, the Company had IVA receivable of $590,783 due from the Government of Mexico. As of April 30, 2017, the Company has IVA receivable of $588,306.

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.

13. 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, 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, accounts payable and accrued liabilities. At July 31, 2017, a hypothetical change of 10% in the foreign exchange rate between the Canadian dollar and US dollar would have a material effect of $62,500 on loss and comprehensive loss; a hypothetical change of 10% in the foreign exchange rate between the Canadian dollar and the Mexican Peso would have a material effect of $3,000 on loss and comprehensive loss.

Interest rate risk

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

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.

14. SEGMENTED INFORMATION

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

		July 31, 2017		April 30, 2017
Equipment				
Mexico	$	64,804	$	70,269
Exploration and evaluation assets				
Mexico	$	500,000	$	500,000
Canada	$	730,000	$	730,000

15. EVENTS AFTER THE REPORTING DATE

On September 14, 2017, the Company was made aware that Canasil Resources Inc. ("Canasil") has been named in a lawsuit brought by Pan American Silver Corp. ("Pan American") with the BC Supreme Court regarding the minerals claims making up the Sandra Escobar Project (the "Project") in Durango state, Mexico. While Pan American's claim, if proved, could impact the Company's interest in the Project, the Company is not currently in a position to comment on the merits of Pan American's claim. The Company will be monitoring the situation and seeking further information from Canasil.