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Management Discussion And Analysis

Year ended June 30, 2010

October 27, 2010

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TSX-V (OX)

FSE (05D)

Report on Exploration - Goldboro Property

On **August 4, 2009**, OREX EXPLORATION INC. (“the **Company**”) produced a new Mineral Resource Estimates (“**MRE**”) compliant with National Instrument 43-101 on its 100% owned Goldboro gold project in Nova Scotia (the “**Property**”). The MRE in all categories prepared by InnovExplo over a 1.5km strike length cover the West Goldbrook Shaft, Ramp, Boston-Richardson Mine and East Goldbrook Shaft sectors to a -520m vertical depth from surface, with 97% of the MRE located within the first 350m from surface.

The MRE technical report is available on SEDAR at www.sedar.com. The MRE at a cut-off gold grade of 1.5 g/t are 2,711,000 tonnes grading 4.56 g/t gold, totalling 397,200 gold ounces in the Measured + Indicated Resources categories, with an additional 3,438,000 tonnes grading 3.67 g/t gold totalling 405,926 gold ounces in the Inferred Resource category.

On **November 11, 2009**, the Company entered into an Option and Joint Venture Agreement whereby Osisko Mining Corporation (“**Osisko**”) has a working right and an exclusive option to acquire up to a 60% undivided interest in Ores’s Goldboro Property (the “**Agreement**”), by incurring exploration and development work expenditures and by making a private placement in the Company.

Upon signature of the Agreement, Osisko completed a private placement in the capital stock of Ores of 13,000,000 Units at a price of \$0.10 per Unit, for gross proceeds of \$1,300,000. Each Unit consisted of one common share and one common share purchase warrant. Each common share purchase warrant entitles its holder to acquire one common share for \$0.125 for a period of three years.

In order to acquire a 50% undivided interest in the Property on or before September 29, 2013, Osisko shall incur exploration and development expenditures for a total of \$8,000,000 upon the following timetable:

- In the amount of at least \$1,500,000 on or before September 29, 2010;
- In the aggregate amount of at least \$3,500,000 on or before September 29, 2011; and
- In the aggregate amount of at least \$8,000,000 over the following two years, that is, on or before September 29, 2013.

Osisko shall solely fund a prefeasibility study to earn an aggregate 60% interest (that is, an additional 10% interest) in the Property on or before September 29, 2015.

In connection with this transaction, Ores paid a finder’s fee to Canaccord Adams in the amount of \$65,000 in cash and 650,000 Units, which were issued on the same terms and conditions as the Units issued to Osisko and as described above.

On **January 27, 2010**, the Company announced that Osisko has begun the winter 2010 diamond drilling program on the Goldboro Property with a three-part campaign: Phase 2D, Phase 2E and Phase 2F.

The 6,375 m / 25 holes Phase 2F drilling began with two drills, and this campaign is set to replace incomplete and/or non-compliant historic drill results with compliant data primarily in the Ramp Area and extending westward towards West Goldbrook. The historic drill results include drill holes that were not sampled in their entirety and others sampled on long intervals. While assay results are accurate for the sampling of longer intervals, the sampling may not have been representative.

Two other campaigns are planned to follow totalling 8,750 m in 49 holes. The Phase 2D and 2E drilling will continue westward along the remaining 1.7 km segment of the Boston Richardson Deformation Zone from the Ramp through West Goldbrook to Dolliver Mountain. Osisko is budgeting \$2.8 million for the Phases 2D, 2E and 2F drilling and a regional compilation and Goldboro reconnaissance program.

On **April 29, 2010**, the Company announced to its shareholders that all 59 holes for the Phases 2D, 2E and 2F drilling campaign, representing 12,989 metres, have been completed. All holes have been logged and sampled, and all samples have been shipped to the ALS Laboratory facilities in Sudbury, Ontario for preparation and analysis in Vancouver, British Columbia. Highlights from the first 5 holes of the Phase 2F drilling campaign are presented below:

HOLE #	FROM (m)	TO (m)	CORE LENGTH (m)	GOLD GRADE (g/t)
OSK-10-01	190.55	206.55	16.00	0.87
	268.25	275.10	6.85	1.42
OSK-10-03	47.85	48.35	0.50	16.95*
	78.00	88.00	10.00	0.62
<i>including</i>	117.50	125.00	7.50	2.91
	117.50	119.00	1.50	13.85
<i>including</i>	137.00	149.00	12.00	1.19
	161.50	202.50	41.00	0.55
<i>including</i>	230.85	264.45	33.60	0.67
	245.08	245.50	0.42	12.50
<i>including</i>	245.50	246.00	0.50	10.35*
OSK-10-05	61.50	63.00	1.50	5.88
	126.50	165.85	39.35	0.61
<i>including</i>	137.50	138.50	1.00	5.99
<i>including</i>	146.70	147.35	0.65	5.01
<i>including</i>	205.95	220.50	14.55	1.57
	209.00	209.50	0.50	12.90*
<i>including</i>	209.50	210.00	0.50	12.45
OSK-10-07	163.00	260.00	97.00	0.70
	167.75	168.25	0.50	10.75*
<i>including</i>	247.80	248.80	1.00	18.30
OSK-10-08	114.00	177.50	63.50	0.53
	155.35	155.85	0.50	25.70*
<i>including</i>	204.40	228.30	23.90	1.01
	213.52	214.02	0.50	7.04*
<i>including</i>	215.35	215.85	0.50	20.80*

* Metallic Screen Assay

Initial results indicate larger mineralized domains rather than narrow, high-grade gold belts.

On **May 11, 2010**, the Company announced additional drilling results including 4.07 g/t Au over 35.5 meters

In the last Mineral Resource Estimates (MRE) compliant with the NI-43-101 Technical Report dated August 4, 2009, the results of some historic drill holes were assumed at 0 g/t Gold; the 18 holes of the Phase 2F were drilled in order to replace some of those historic drill results by assay results which are in conformity with the QAQC Sampling and Analytical Protocols actually in application; those changes will increase the ounces of gold in this portion of the Goldboro Property in the next MRE.

Highlights from these 11 additional drill holes of the campaign are presented in the following table:

HOLE #	FROM (m)	TO (m)	CORE LENGTH (m)	GOLD GRADE (g/t)
OSK-10-02	233.70	300.00	66.30	1.17
<i>including</i>	234.50	235.00	0.50	35.60**
<i>including</i>	267.50	268.00	0.50	46.40**
OSK-10-10	162.00	205.00	43.00	0.51
	245.50	248.00	2.50	3.90
OSK-10-12	130.00	153.90	23.90	0.43
	229.00	240.55	11.55	0.92
OSK-10-13	202.00	220.50	18.50	0.86
<i>including</i>	202.00	202.50	0.50	16.10**
	248.50	267.00	18.50	0.45
<i>including</i>	259.50	260.00	0.50	6.19**
OSK-10-14	146.00	160.00	14.00	1.86
<i>including</i>	148.00	152.00	4.00	10.75
OSK-10-16	136.50	172.00	35.50	4.07
<i>including</i>	144.50	155.00	10.50	12.97
<i>including</i>	146.00	146.50	0.50	237.00**
	229.00	242.50	13.50	0.90
OSK-10-19	173.00	215.20	42.20	1.97
<i>including</i>	198.10	198.60	0.50	27.90**
	229.50	252.50	23.00	0.65
<i>including</i>	246.00	247.00	1.00	6.70
OSK-10-21	57.00	70.50	13.50	4.76
<i>including</i>	70.00	70.50	0.50	117.50**
	152.00	165.00	13.00	0.45
	178.50	236.00	57.50	0.63
<i>including</i>	209.00	210.00	1.00	15.75
OSK-10-23	140.00	159.00	19.00	0.53
	207.00	213.70	6.70	13.40
<i>including</i>	207.00	208.50	1.50	55.70
OSK-10-24	90.00	150.00	60.00	0.48
<i>including</i>	115.30	116.00	0.70	19.10
OSK-10-25	36.00	83.00	47.00	0.42
	235.00	238.00	3.00	6.68
<i>including</i>	235.00	236.00	1.00	19.10

Notes: ** Metallic Screen Assay / Visible Gold

On **June 10, 2010**, the Company provided shareholders with additional results from the Phase 2F and new results from the Phases 2D-2E diamond drilling campaigns (59 holes / 12,995.5 meters) at the Company's Goldboro Property.

The **Phase 2F** drilling (18 holes / 4,730 meters) generally replaced a number of incomplete and/or non-compliant historic drill results with compliant assay data primarily in the deeper portions of the Ramp Area and extending westward towards West Goldbrook. The target area covers a 250-meter strike length of the main gold mineralization along the Boston-Richardson Anticlinal Structure (the "BRAS") between 75 meters and 250 meters vertical depth, immediately below the current Mineral Resources area. The two remaining holes are highlighted as follows:

HOLE #	FROM (m)	TO (m)	CORE LENGTH (m)	GOLD GRADE (g/t)	GOLD GRADE 60 g/t cut
Phase 2F					
OSK-10-18	141.00	160.00	19.00	0.79	0.79
<i>including</i>	<i>141.00</i>	<i>141.55</i>	<i>0.55</i>	<i>10.25*</i>	<i>10.25</i>
OSK-10-22	26.00	28.00	2.00	3.36	3.36
	69.00	102.00	33.00	1.64	1.64
<i>including</i>	<i>99.00</i>	<i>99.60</i>	<i>0.60</i>	<i>69.60</i>	<i>60.00</i>
	137.00	161.00	24.00	0.55	0.55

* Metallic Screen Assay / Visible Gold

The **Phase 2D** drilling (25 holes / 4,894 meters) tests the West Goldbrook area over a 350-meter strike length along the BRAS between 25 meters and 200 meters vertical depth, and also replaces non-compliant historic drill results with compliant assay data, as well as extending the mineralization down-dip of known intersections and westwards towards the Dolliver Mountain area. Highlights for the 13 drill holes assay results received are as follows:

HOLE #	FROM (m)	TO (m)	CORE LENGTH (m)	GOLD GRADE (g/t)	GOLD GRADE 60 g/t cut
Phase 2D					
OSK-10-26	no significant intervals				
OSK-10-27	8.80	28.00	19.20	0.36	0.30
	39.30	74.80	35.50	0.50	0.50
OSK-10-29	16.50	36.00	19.50	0.35	0.35
	144.20	145.00	0.80	6.83	6.83
	246.50	248.00	1.50	6.73	6.73
OSK-10-30	122.00	128.00	6.00	85.75	7.00
<i>including</i>	<i>122.00</i>	<i>122.50</i>	<i>0.50</i>	<i>1005.00*</i>	<i>60.0</i>
<i>and</i>	<i>125.15</i>	<i>126.00</i>	<i>0.85</i>	<i>9.03</i>	<i>9.03</i>
OSK-10-32	153.50	160.35	6.85	4.03	4.03
<i>including</i>	<i>159.85</i>	<i>160.35</i>	<i>0.50</i>	<i>49.90*</i>	<i>49.90</i>
OSK-10-33	101.50	113.00	11.50	0.83	0.83
OSK-10-36	149.00	149.50	0.50	11.20*	11.20
OSK-10-37	88.10	100.00	11.90	10.20	8.37
<i>including</i>	<i>88.10</i>	<i>89.60</i>	<i>1.50</i>	<i>74.50</i>	<i>60.00</i>
	121.00	139.50	18.50	0.93	0.93
<i>including</i>	<i>121.00</i>	<i>125.50</i>	<i>4.50</i>	<i>3.22</i>	<i>3.22</i>
OSK-10-38	153.70	154.20	0.50	4.37	4.37
OSK-10-41	13.75	14.75	1.00	52.90	52.90
	63.80	109.70	45.90	0.48	0.48
<i>including</i>	<i>105.20</i>	<i>105.70</i>	<i>0.50</i>	<i>8.73*</i>	<i>8.73</i>
OSK-10-43	199.00	247.00	48.00	0.65	0.65
<i>including</i>	<i>234.00</i>	<i>234.50</i>	<i>0.50</i>	<i>4.57*</i>	<i>4.57</i>
<i>and</i>	<i>234.50</i>	<i>235.00</i>	<i>0.50</i>	<i>13.85*</i>	<i>13.85</i>
OSK-10-44	71.70	100.75	29.05	0.40	0.40
OSK-10-45	207.00	225.82	18.82	0.35	0.35

* Metallic Screen Assay / Visible Gold

The **Phase 2E** drilling (16 holes / 3,371.5 meters) tested the Dolliver Mountain area within the projected historic mineralization over a 200-meter strike length continuing westward from West Goldbrook and a 500-meter strike length at the western end near the historic Dolliver Mountain mine. A 600-meter gap in drilling between the east and west ends remains to be drill tested. Drilling in this campaign is deemed exploratory, since the area has never been drilled by Orex nor worked on since the early 1900's. Complete gold assay results have been received for 13 holes drilled and highlights are as follows:

HOLE #	FROM (m)	TO (m)	CORE LENGTH (m)	GOLD GRADE (g/t)	GOLD GRADE 60 g/t cut
Phase 2E					
OSK-10-04 <i>including and</i>	129.50	168.55	39.05	1.15	1.15
	129.50	130.00	0.50	50.80*	50.80
	138.00	139.00	1.00	9.71	9.71
	195.50	232.00	36.50	0.32	0.32
OSK-10-06	110.00	110.50	0.50	4.39*	4.39
OSK-10-09 <i>including and including including including</i>	167.00	203.50	36.50	1.07	1.07
	167.00	168.00	1.00	7.95	7.95
	184.25	184.75	0.50	3.39*	3.39
	193.00	203.50	10.50	2.15	2.15
	203.00	203.50	0.50	7.81*	7.81
	219.00	224.00	5.00	9.81	9.81
OSK-10-11 <i>including</i>	63.00	64.50	1.50	3.20*	3.20
	85.40	86.00	0.60	2.66*	2.66
	118.60	137.00	18.40	0.77	0.77
	118.60	119.30	0.70	15.65	15.65
	152.95	153.50	0.55	12.20	12.20
OSK-10-15	no significant intervals				
OSK-10-17	no significant intervals				
OSK-10-20	117.00	118.00	1.00	2.25*	2.25
OSK-10-51 <i>including</i>	72.50	74.00	1.50	6.16	6.16
	162.00	180.00	18.00	0.75	0.75
	162.00	163.35	1.35	7.89	7.89
OSK-10-52	no significant intervals				
OSK-10-53	no significant intervals				
OSK-10-54	no significant intervals				
OSK-10-55	no significant intervals				
OSK-10--56 <i>including</i>	126.50	130.50	4.00	3.76	3.76
	126.50	127.50	1.00	11.15	11.15
OSK10-57 <i>including</i>	38.50	41.00	2.50	4.90	4.90
	40.00	40.50	0.50	15.45	15.45
OSK-10-58	no significant intervals				
OSK-10-59	no significant intervals				

* Metallic Screen Assay / Visible Gold

The reported intervals in all three tables represent weighted average intervals of no less than 10 meters (for bulk mining scenarios) of individual assays grading above a 0.35 g/t cut-off. In some instances, weighted intervals of less than 10 meters are reported to highlight significantly higher grade intersections. The weighted average grades are also reported in the adjacent column applying a 60 g/t gold maximum value to samples exceeding 60 g/t gold in any interval.

Goldboro Extension Property - Regional Compilation and Synthesis

Nova Scotia based Mercator Geological Services Limited and D.R. Duncan & Associates Ltd., have completed the regional compilation-synthesis on the 960.8 km² Goldboro Extension Property. A number of key Goldboro-type gold targets were identified and are currently being drill-tested using the Reverse Circulation ("RC") method to recover basal till and bedrock samples for gold assaying and whole-rock analysis. To date 194 RC drill holes are completed for 1,513 meters and 758 samples taken. Assay results will be issued when available.

On **June 30, 2010**, the Company provided shareholders with additional results from the Phase 2D diamond drilling campaigns. A total of 59 drill holes / 12,995.5 meters were completed during the winter 2010 program in three campaigns (Phases 2D, 2E and 2F) covering the Ramp Area, West Goldbrook and Dolliver Mountain segments of the gold mineralized Boston-Richardson Anticlinal Structure ("BRAS"). All gold assays have now been received. Significant gold intervals from the remaining gold assays from Phase 2D are as follows:

HOLE #	FROM (m)	TO (m)	CORE LENGTH (m)	GOLD GRADE (g/t)	GOLD GRADE (60 g/t cut)	
Phase 2D						
OSK-10-34	181.08	184.0	2.92	15.56	15.56	
OSK-10-35	94.7	95.2	0.5	154.50*	60.00	
	161.5	178.1	16.6	0.59	0.59	
OSK-10-46	22.80	33.00	10.20	0.92	0.92	
	<i>including</i>	32.20	33.00	0.80	10.05	10.05
		89.95	111.00	21.05	9.32	3.62
	<i>including</i>	89.95	90.45	0.50	9.55*	9.55
<i>and</i>	103.00	104.00	1.00	180.00	60.00	
OSK-10-47	6.20	18.50	12.30	0.89	0.89	
	<i>including</i>	14.00	15.50	1.50	5.06	5.06
OSK-10-48	135.50	136.00	0.50	49.80*	49.80	
OSK-10-49	61.00	99.00	38.00	0.61	0.61	
	<i>including</i>	88.10	88.60	0.50	32.80*	32.80

* Metallic Screen Assay / Visible Gold

Mr. Alex S. Horvath, P. Eng., Senior Technical Advisor for Orex, stated, "All gold intervals from the 2010 drilling are being reviewed and samples selected for check assays using the Fire-Assay Method and/or the Total Metallic Screen Method to produce the most reliable sample grades and validate intersections. The multiple and Total Metallic Screen determinations yield average grades for samples that demonstrate better continuity across mineralized intersections and overall increased average gold grades, as was the case in the 2005 and 2008 drilling campaigns at Goldboro."

The Goldboro Phase 2D, 2E and 2F Diamond Drilling Program

The **Phase 2D** drilling (25 holes / 4,894 meters) tested the West Goldbrook area over a 350-meter strike length along the BRAS between 25 meters and 200 meters vertical depth, and also replaces non-compliant historic drill results with compliant assay data, as well as extending the mineralization down-dip of known intersections and westwards towards the Dolliver Mountain area.

The **Phase 2E** drilling (16 holes / 3,371.5 meters) tested the Dolliver Mountain area within the projected historic mineralization over a 200-meter strike length continuing westward from West Goldbrook and a 500-meter strike length at the western end near the historic Dolliver Mountain mine. A 600-meter gap in drilling between the east and west ends remains to be drill tested. Drilling in this campaign is deemed exploratory, since the area has never been drilled by Orex nor worked on since the early 1900's.

The **Phase 2F** drilling (18 holes / 4,730 meters) generally replaced a number of incomplete and/or non-compliant historic drill results with compliant assay data primarily in the deeper portions of the Ramp Area and extending westward towards West Goldbrook. The target area covers a 250-meter strike length of the main gold mineralization along the BRAS between 75 meters and 250 meters vertical depth, immediately below the current Mineral Resources area.

Person Responsible of Technical Information

The qualified person under National Instrument 43-101 responsible of the technical information relating to the Property is Mr. Alex S. Horvath, B.A.Sc., P. Eng., an independent person from the Company.

Management Discussion And Analysis

(Year ended June 30, 2010)

The Management's Discussion and Analysis (« MD&A ») provides a discussion and analysis of our financial condition and results of operations to enable the reader to assess material changes for the year ended June 30, 2010 to those of the previous year. This MD&A, prepared as of October 27, 2010 is intended to complement and supplement our financial statements. It should also be read in conjunction with the MD&A for the year ended June 30, 2009, our audited annual financial statements and notes thereto. Our financial statements and this MD&A are intended to provide investors with a reasonable basis for assessing our results of operation and our financial performance.

Our financial statements, prepared in accordance with Canadian generally accepted accounting principles, and all dollar amounts in this MD&A are expressed in Canadian dollars.

FORWARD LOOKING STATEMENTS

Some statements contained in this MD&A constitute forward looking statements, including, without limitation, anticipated developments in the Company's operations in future periods and other events or conditions that may occur in the future. These statements are about the future and are inherently uncertain and actual achievements of the Company or other future events or conditions may differ materially from those reflected in the forward-looking statements due to a variety of risks, uncertainties and other factors, including, without limitation, those mentioned herein under heading "RISKS AND UNCERTAINTIES". Management believes that the expectations reflected in those statements are reasonable but no assurance can be given that these expectations will prove to be correct. It is recommended not to place undue reliance on forward-looking statements as the plans, intentions or expectations upon which they are based might not occur.

INCORPORATION AND NATURE OF OPERATIONS

The Company, incorporated under Part 1A of the *Quebec Companies Act*, is in the process of exploring mineral properties with a view to commercial production. The Company has not yet determined whether its only mining property, the Goldboro Property, contains ore reserves that are economically recoverable.

The recoverability of amounts shown for the mining property and related deferred exploration expenditures and the capacity of the Company to meet all its commitments are dependent upon the discovery of economically recoverable reserves, the ability of the Company to obtain necessary financing to complete the development, and future profitable production or proceeds from the disposition thereof.

SELECTED ANNUAL INFORMATION (AUDITED)

The following table summarizes selected key financial data from the Company's balance sheet:

YEARS ENDED JUNE 30,	2010	2009
STATEMENTS OF OPERATION AND CASH FLOWS (\$)		
Interest	16,019	12,102
Administrative expenses	(1,216,104)	(1,035,345)
Net loss before income taxes	(1,200,085)	(1,023,243)
Future income taxes	-	147,000
Net loss	(1,200,085)	(876,243)
Net loss per share on a diluted basis	(0.01)	(0.01)
BALANCE SHEET (\$)		
Cash and cash equivalents	613,514	56,926
Funds reserved for exploration	-	113,149
Total assets	13,315,049	10,191,209
Shareholders' equity	13,217,278	10,035,297

CASH FLOWS STATEMENTS

Operating

Operating activities, before net changes in non-cash working capital items generated a negative cash flow of (\$925,937) for the financial year ended June 30, 2010, compared to a negative cash flows of (\$766,894) for the same period in 2009.

Net change in non-cash working capital items is of \$54,481 in 2010 compared to \$139,230 in 2009.

Financing

During the financial year 2009, Orex completed financings of \$1,374,700 (\$1,040,711 net of \$333,989 of issuing fees).

During the financial year 2010, Orex completed financings of \$4,429,088 (\$4,095,040 net of \$416,159 of issuing fees and adjustments of \$82,112 on the value of the warrants and of the options on units following their exercise).

	June 30, 2010 (\$)	June 30, 2009 (\$)
Common shares private placements	3,410,000	794,700
Flow through shares private placements	-	547,500
Share issuance expenses	65,000	-
Subscription receivable	-	32,500
Exercise of warrants	827,087	-
Exercise of options on units	127,000	-
	<u>4,429,087</u>	<u>1,374,700</u>
Issuing fees		
- Intermediation fees	211,320	126,373
- Issuing fees	41,849	21,784
- Future income taxes	-	147,000
- Intermediaries warrants	97,990	19,250
- Stock options to intermediaries	65,000	19,582
	<u>(416,159)</u>	<u>333,989</u>
	4,012,928	1,040,711
Exercise of stock options	-	-
Adjustments following the exercise of warrants and options on units	82,112	-
	<u>4,095,040</u>	<u>1,040,711</u>

Investing Activities

During the financial year 2010, cash and cash equivalents of \$236,765 were invested in exploration expenses on the Goldboro Property, compared to \$2,010,221 for the same period in 2009.

Cash Flow

Total cash and cash equivalents of \$556,588 were generated for the financial year ended June 30, 2010, whereas operations for the same period in 2009 generated a decrease of cash and cash equivalents of (\$66,672).

BALANCE SHEETS

Assets

The Company's total assets amounted to \$13,315,049 as at June 30, 2010, compared to \$10,191,209 as at June 30, 2009. This increase of \$3,123,840 is attributable to:

- the increase of \$181,079 in mining deferred exploration expenses;
- the reduction of (\$113,149) in funds reserved for exploration;
- the increase of \$556,588 in cash and cash equivalents;
- the reduction of (\$6,946) in sales tax receivable;
- the reduction of (\$3,000) in marketable securities; and
- the increase of \$2,509,268 in term deposits.

Cash and Cash Equivalents

As at June 30, 2010, cash and cash equivalents amounted to \$613,514 compared to \$56,926 as at June 30, 2009.

Deferred Exploration Expenses

Deferred exploration expenses went from \$8,387,885 as at June 30, 2009 to \$8,568,964 as at June 30, 2010 as a result of the \$181,079 exploration work realized on the Goldboro Property.

Liabilities

Liabilities amounted to \$97,771 as at June 30, 2010 compared to \$155,912 as at June 30, 2009. This reduction of \$58,141 is due to the reduction of the exploration work done in 2010.

Contributed Surplus

	<u>(\$)</u>		<u>(\$)</u>	
Balance as at June 30, 2009	1,250,498		957,067	Balance as at June 30, 2008
	271,148	Stock-based compensation following the grant of stock options	254,599	
	(19,811)	Adjustment following the exercise of warrants granted to the intermediaries as commissions and intermediation fees	-	
	(5,600)	Adjustment following the exercise of warrants	-	
	(56,701)	Adjustment following the exercise of unit options granted to the intermediaries as commissions and intermediation fees	-	
	-	Value attributed to the unit options granted to the intermediaries as commissions and intermediation fees	19,432	
	97,990	Value attributed to the warrants granted to the intermediaries as commissions and intermediation fees	12,100	
	-	Value attributed to the warrants included in the units issued	7,300	
Balance as at June 30, 2010	<u><u>1,537,524</u></u>		<u><u>1,250,498</u></u>	Balance as at June 30, 2009

Shareholders' Equity

Shareholders' equity went from \$10 035 297 as at June 30, 2009 to \$13 217 278 as at June 30, 2010.

	<u>(\$)</u>		<u>(\$)</u>	
Balance as at June 30, 2009	10,035,297		9,577,398	Balance as at June 30, 2008
	(1,200,085)	Loss of the year	(876,243)	
	287,026	Increase in the contributed surplus	293,431	
	4,095,040	Net financings completed	1,040,711	
Balance as at June 30, 2010	<u><u>13,217,278</u></u>		<u><u>10,035,297</u></u>	Balance as at June 30, 2009

RESULTS

For the year ended June 30, 2010, Orex incurred a net loss of (\$1,200,085) or (\$0.01) per share compared to a net loss of (\$876,243) or (\$0.01) per share for the same period ended in 2009. The Company realized income of \$16,019 (\$12,102 in 2009) on the management of its short term liquidities.

The following table provides details on the general and administration expenses for the exercise ended June 30, 2010 and June 30, 2009.

	June 30, 2009 (\$)	June 30, 2010 (\$)	Variation (\$)
Interest Income	12,102	16,019	3,917
ADMINISTRATIVE EXPENSES			
General administrative expenses	234,629	318,857	84,228
Remuneration of directors	-	155,000	155,000
Stock-based compensation - directors	146,362	256,203	109,841
Stock-based compensation - consultants	108,237	14,945	(93,292)
Professional fees	365,839	289,275	(76,564)
Information to shareholders	98,015	154,977	56,962
Listing and registration fees	23,197	20,147	(3,050)
Non-realized loss on marketable securities	1,750	3,000	1,250
Part XII.6 income taxes	57,316	3,700	(53,616)
	<u>1,035,345</u>	<u>1,216,104</u>	<u>180,759</u>
Loss before income taxes	(1,023,243)	(1,200,085)	(176,842)
Future income taxes	147,000	-	(147,000)
Net loss	<u>(876,243)</u>	<u>(1,200,085)</u>	<u>(323,842)</u>

The increase of \$84,228 in the general administrative expenses is due to the operating costs of the Montreal office not charged in 2009 (those office expenses were voted in December 2009 and paid to Mark Billings (Marengo Management Ltd.)) and to the increase in the expenses related to meetings held with investors outside Montreal in order to acknowledge the Company and its Goldboro project.

The increase of \$155,000 in the directors' remuneration is due to a bonus voted to the directors in December 2009, after the closing of a private placement of \$2,110,000 on October 23, 2009 and the signature of the option and joint venture agreement with Osisko Mining Corporation on November 11, 2009.

In 2010, 3,000,000 (1,750,000 in 2009) stock purchase options were granted to directors and officers and 400,000 (2,200,000 in 2009) to consultants. During 2010, stock-based compensation expenses in the amount of \$271,148 (\$254,599 in 2009) were accounted to earnings with a corresponding credit to contributed surplus.

The professional fees were reduced of \$76,564 in 2010, because the Company terminated a contract with a business consultant to the Company.

In 2010, the information to shareholders had increased of \$56,962 in reason of the increase in the visibility of the Company with its shareholders and investors with the engagement of an additional consultant to the public relations with the shareholders, by the publication of many press releases, by the presentation of the Company and its Goldboro Project to potential investors and by the modification of its website.

The Part XII.6 income taxes are payable when a flow through financing is closed in a calendar year and when the exploration expenses are realized in the following calendar year. The future income taxes are accounted in the year of the closing of a flow through financing (in relation to the loss by the Company of the deduction of the exploration expenses abandoned in favor of the flow through subscribers.)

	2010	2009	2008
Flow through financings	-	547,500	1,546,780
Part XII.6 income taxes (payable on the exploration expenses realized in the calendar year following the calendar year of the flow through financing)	3,700	57,316	-
Future income taxes accounted on the year of the flow through financing	-	147,000	710,000

ADDITIONAL ANNUAL DISCLOSURE FOR VENTURE ISSUERS

The Company provides information on its deferred exploration expenses in its annual financial statements for the year ended June 30, 2010. The Company has only one property (Goldboro Property) and has no deferred expenses other than mining properties and deferred exploration expenses in relation with this property.

The Company has no research and development expenses and no development cost.

EXPLORATION

Funds Reserved for Exploration

Orex completed flow-through private financings totalling \$547,500 in 2008 (2007, \$2,296,780) that have allowed the Company to initiate the Phase 2 exploration program on the Goldboro Property. In 2010, the Company completed \$0 (\$0, in 2009) flow-through financing.

	Expenses Period (\$)	Expenses Years (\$)	Flow-through Financing 2007 (\$)	Flow-through Financing 2007 (\$)	Flow-through Financing 2008 (\$)
Financing					
June 19, 2007			750,000		
November 27, 2007				850,000	
December 21, 2007				200,000	
December 31, 2007				496,780	
December 31, 2008					547,500
			750,000	1,546,780	547,500
Exploration expenses					
Year 2007					
September 30, 2006	-				
December 31, 2006	-				
March 31, 2007	-				
June 30, 2007	750	750	(750)	749,250	
	750	750			
Funds reserved for exploration - June 30, 2007				2,296,030	
Year 2008					
September 30, 2007	7,050	7,050			
December 31, 2007	37,567	37,567			
March 31, 2008	285,543	285,543			
June 30, 2008	428,000	428,000		(758,160)	
	758,160	758,160			
Funds reserved for exploration - June 30, 2008				1,537,870	
Year 2009					
September 30, 2008	323,796	323,796			
December 31, 2008	1,222,609	1,222,609		(1,546,405)	
March 31, 2009	221,057	221,057			
June 30, 2009	213,294	213,294			(434,351)
	1,980,756	1,980,756			
Funds reserved for exploration - June 30, 2009				-	113,149
Year 2010					
September 30, 2009	43,466	43,466			
December 31, 2009	76,030	76,030			
March 31, 2010	404	N/A			
June 30, 2010	61,179	N/A			
	181,079	119,496			119,496
Funds reserved for exploration - June 30, 2010				-	-

SELECTED QUATERLY INFORMATION (Unaudited)

Operating results for each quarter for the two last years are presented in the table below. The Company's management is of the opinion that the data related to these quarters was prepared in the same manner as those that of the audited financial statements for the fiscal year ended June 30, 2010.

QUARTERS	2010 June	2010 March	2009 December	2009 September	2009 June	2009 March	2008 December	2008 September
STATEMENTS OF EARNINGS (\$)								
Interest	9,624	6,243	123	29	51	651	2,924	8,476
Net loss before future income taxes	(381,407)	(219,359)	(401,322)	(197,997)	(421,978)	(194,490)	(256,631)	(150,144)
Future Income Taxes	-	-	-	-	147,000	-	-	-
Net (loss) gain	(381,407)	(219,359)	(401,322)	(197,997)	(274,978)	(194,490)	(256,631)	(150,144)
(Net loss) gain, per share on a diluted basis	(0,0026)	(0,0016)	(0,0033)	(0,0016)	(0,0039)	(0,0019)	(0,0025)	(0,0015)
BALANCE SHEET (\$)								
Cash and cash equivalents	613,514	3,106,683	3,269,533	32,032	59,926	150,001	(102,444)	(67,693)
Funds reserved for exploration	-	-	-	69,683	113,149	326,443	547,500	1,214,823
Total assets	13,315,049	13,317,365	13,565,925	10,158,564	10,191,209	10,330,399	10,523,934	9,584,366
Total long-term debt	-	-	-	-	-	-	-	-
MINING EXPLORATION (\$)								
Exploration expenses	61,179	404	76,030	43,466	213,294	221,057	1,222,609	323,796

FOURTH QUARTER

The following table provides details on the general and administration expenses for the fourth quarter ended June 30, 2010 and June 30, 2009.

	Fourth Quarter ended		
	June 30, 2009 (\$)	June 30, 2010 (\$)	Variation (\$)
Interest Income	51	9,624	9,573
ADMINISTRATIVE EXPENSES			
General administrative expenses	95,783	59,862	(35,921)
Remuneration of directors	-	-	-
Stock-based compensation - directors	121,950	229,203	107,253
Stock-based compensation - consultants	108,237	13,370	(94,867)
Professional fees	76,999	60,200	(16,799)
Information to shareholders	15,210	27,871	12,661
Listing and registration fees	2,100	2,347	247
Non-realized loss on marketable securities	1,750	3,000	1,250
Part XII.6 income taxes (adjustment)	-	(4,822)	(4,822)
	422,029	391,031	(30,998)
Loss before income taxes	(421,978)	(381,407)	40,571
Future income taxes	147,000	-	(147,000)
Net loss	(274,978)	(381,407)	(106,429)

Results for the Quarter ended June 30, 2010

The last quarter results show a loss of (\$381,407), (\$421,978) for the corresponding period in 2009, or a net loss of (\$274,978) after the recording of future tax credits of \$147,000.

Operating Activities for the Quarter ended June 30, 2010

During the three-month period, funds used for operating activities totalled \$135,834 (\$190,041 in 2009). The operating activities were mainly financed by the issuance of new common shares.

Investing Activities for the Quarter ended June 30, 2010

During the quarter, the financing activities were mainly linked to the deferred exploration expenses incurred on the mining properties for \$116,855 (\$242,759 in 2009), the term deposits of \$2,509,329 (\$29 in 2009) and the reduction of the funds reserved for exploration of \$0 (\$213,294 in 2009).

Financing Activities for the Quarter ended June 30, 2010

During this quarter, the Company has proceeded to the issuance of common shares on the exercise of warrants for an amount of \$61,500 (\$0 in 2009) and adjusted the issuance fees and the value attached to the warrants included in the private placements for an amount of \$29,500 ((\$45,500) in 2009).

INFORMATION ON OUTSTANDING SECURITIES

Capital-Stock

As at June 30, 2010, Orex's share capital consisted of 164,437,484, (2009, 120,253,062) common shares issued and outstanding.

June 30, 2009	120,253,062		99,708,062	June 30, 2009
		Exercise of warrants		
	50,000	- July 27, 2009		
	250,000	- July 29, 2009		
	15,000	- August 24, 2009		
	250,000	- October 20, 2009		
	15,725	- November 9, 2009		
	560,000	- December 11, 2009		
	5,600,000	- December 31, 2009		
	30,151	- January 19, 2010		
	50,000	- February 15, 2010		
	400,000	- April 8, 2010		
	50,000	- April 28, 2010		
	550,000	- April 29, 2010		
	100,000	- April 30, 2010		
	200,000	- May 3, 2010		
	100,000	- May 4, 2010		
		Exercise of options on units		
	653,846	- November 25, 2009		
	560,000	- December 11, 2009		
		Private Placements		
		- December 30, 2008	5,600,000	
		- December 31, 2008	1,700,000	
	21,100,000	- October 23, 2009		
	13,000,000	- November 11, 2009		
		- January 21, 2009	13,245,000	
		Shares issued as intermediation fees		
	650,000	- December 1, 2009		
June 30, 2010	164,437,784		120,253,062	June 30, 2009

Stock Purchase Options

The Company has a stock option plan for its directors, officers, employees and consultants. A maximum of 14,000,000 (2009, 9,900,000) common shares may be issued pursuant to that stock option plan. As at June 30, 2010, options to purchase 8,400,000 (2009, 9,600,000) common shares were issued and outstanding. During the financial year ended June 30, 2010, no stock options were exercised.

	2010		2009	
	Numbers of options	Weighted average exercise price (\$)	Number of options	Weighted average exercise price (\$)
Outstanding, beginning of year	9,600,000	0.1471	6,528,570	0.145
Granted:				
- to directors and officers	3,000,000	0.15	1,750,000	0.148
- to consultants	400,000	0.15	2,200,000	0.1527
Expired:				
- to directors and officers	(550,000)	0.1555	(100,000)	0.10
- to consultants	(4,050,000)	0.1468	(350,000)	0.121
- to intermediaries	-	-	(428,570)	0.175
Outstanding, end of year	8,400,000	0.1474	9,600,000	0.1471
Exercisable Options, end of year	8,175,000	0.1473	9,375,000	0.1471

During the year, 3,400,000 (3,950,000 in 2009) options were granted by the Company at a weighted average price of \$0.15 (\$0.151 in 2009).

Options to Purchase Units

The Company granted options to purchase units at a price of \$(Note 1) per unit. A unit consists of one common share and one warrant giving the right to buy one non-flow-through share at a price of \$(Note 2) per share during the first year and at \$(Note 3) per share for the second year. As at June 30, 2010, the options to purchase units consisted of 0 compared to 1,367,692 as at June 30, 2009.

	Issued	Units Price Note (1) (\$)	Exercise Price Year 1 Note (2) (\$)	Exercise Price Year 1 Note (3) (\$)	Maturity	
	428,571	June 19, 2007	0.175	0.30	0.40	June 19, 2009
	653,846	Nov. 28, 2007	0.13	0.20	0.40	Nov. 28, 2009
	153,846	Déc. 21, 2007	0.13	0.20	0.40	Dec. 21, 2009
	560,000	Dec. 30, 2008	0.075	0.10	0.15	30 déc. 2010
Expired June 19, 2009	(428,571)	June 19, 2007				June 19, 2009
Balance as at June 30, 2009	1,367,692					
Exercised Nov. 23, 2009	(653,846)	Nov. 28, 2007	0.10			Nov. 28, 2009
Exercised Dec. 8, 2009	(560,000)	Dec. 30, 2008	0.075			Dec 30, 2010
Expired Dec. 21, 2009	(153,846)	Dec. 21, 2007				Dec 21, 2009
Balance as at June 30, 2010	-					

Warrants

On June 30, 2010, 49,168,624 share purchase warrants (2009, 37,817,444) at various exercise prices and maturing dates were issued and outstanding as part of private placements. Each warrant entitles the holder to purchase one common share of the Company.

		Issued	Exercise Price Year 1	Exercise Price Year 2	Exercise Price Year 3	Expiry Date
	6,538,461	Nov. 28, 2007	\$0.20	\$0.40	N/A	Nov. 28, 2009
	1,538,461	Dec. 21, 2007	\$0.20	\$0.40	N/A	Dec. 21, 2009
	4,203,522	Dec. 31, 2007	\$0.20	\$0.40	N/A	Dec. 31, 2009
	1,950,000	Feb. 11, 2008	\$0.15	\$0.15	N/A	Feb. 11, 2010
	2,587,500	March 10, 2008	\$0.15	\$0.15	N/A	March 10, 2010
	7,415,000	Dec. 30, 2008 (*)	\$0.10	\$0.15	N/A	Dec. 30, 2010
	13,584,500	Feb. 25, 2009 (**)	\$0.10	\$0.10	\$0.10	Feb. 25, 2012
Balance as at June 30, 2009	37,817,444					
Exercised July 2009	(300,000)	Feb. 25, 2009 (**)	\$0.10			
Exercised Oct. 2009	(265,725)	Feb. 25, 2009 (**)	\$0.10			
Exercised Feb. 2010	(50,000)	Feb. 25, 2009 (**)	\$0.10			
Exercised April 23, 2010	(400,000)	Feb. 25, 2009 (**)	\$0.10			
Exercised April 30, 2010	(50,000)	Feb. 25, 2009 (**)	\$0.10			
Exercised May 3, 2010	(550,000)	Feb. 25, 2009 (**)	\$0.10			
Exercised May 4, 2010	(100,000)	Feb. 25, 2009 (**)	\$0.10			
Exercised May 12, 2010	(100,000)	Feb. 25, 2009 (**)	\$0.10			
Exercised May 12, 2010	(200,000)	Oct. 23, 2009	\$0.125	\$0.125	\$0.125	
Exercised Jan. 2010	(30,151)	Feb. 25, 2009 (**)	\$0.10			
Expired Nov. 28, 2009	(6,538,461)	Nov. 28, 2007				
Expired Dec. 21, 2009	(1,538,461)	Dec. 21, 2007				
Expired Dec. 31, 2009	(4,203,522)	Dec. 31, 2007				
Expired Feb. 11, 2010	(1,950,000)	Feb. 11, 2008				
Expired March 10, 2010	(2,587,500)	March 10, 2008				
Issued	22,180,000	Oct. 23, 2009	\$0.125	\$0.125	\$0.125	Oct. 23, 2012
Issued	13,650,000	Nov. 11, 2009	\$0.125	\$0.125	\$0.125	Nov. 11, 2012
Issued	560,000	Dec. 30, 2009	\$0.10	\$0.15		
Exercised Aug. 2009	(15,000)	Dec. 30, 2008 (*)	\$0.10			
Exercised Dec. 2009	(5,600,000)	Dec. 30, 2008 (*)	\$0.10			
Exercised Dec. 2009	(560,000)	Dec. 30, 2009 (*)	\$0.10	0.15		
Balance as at June 30, 2010 (***)	49,728,624					

(*) Warrants maturing December 30, 2010

(**) Warrants maturing February 25, 2012

(***) Summary as at June 30, 2010	Issued	Exercise Price Year 1	Exercise Price Year 2	Exercise Price Year 3	Expiry Date
	1,800,000	Dec. 30, 2008	\$0.10	\$0.10	Dec. 30, 2010
	11,738,624	Feb. 25, 2009	\$0.10	\$0.10	Feb. 25, 2012
	21,980,000	Oct. 23, 2009	\$0.125	\$0.125	Oct. 23, 2012
	13,650,000	Nov. 11, 2009	\$0.125	\$0.125	Nov. 11, 2012
	49,168,624				

OFF BALANCE SHEET ARRANGEMENTS

The Company did not enter into any off-balance sheet arrangements.

CONTRACTUAL OBLIGATIONS AND COMMITMENTS

Royalties and Lien on the Goldboro Property

The Company owns 100% of the Goldboro Property without lien, hypothec or royalties held by third parties.

On November 11, 2009, the Company has entered into an option and Joint Venture Agreement whereby Osisko Mining Corporation ("Osisko") has a working right and an exclusive option to acquire up to a 60% undivided interest in Orex's Goldboro Property (the "Property"), by incurring exploration and development work expenditures and by making a private placement in the Company.

At the signature of the formal Agreement, Osisko completed a private placement in the capital stock of Orex of 13,000,000 Units at a price of \$0.10 per Unit, for gross proceeds of \$1,300,000. Each Unit consisted of one common share and one common share purchase warrant. Each common share purchase warrant entitles its holder to acquire one common share for \$0.125 for a period of three years.

In order to acquire a 50% undivided interest in the Property on or before September 29, 2013, Osisko shall incur exploration and development expenditures for a total of \$8,000,000 upon the following timetable:

- In the amount of at least \$1,500,000 on or before September 29, 2010;
- In the aggregate amount of at least \$3,500,000 on or before September 29, 2011; and
- In the aggregate amount of at least \$8,000,000 over the following two years, that is, on or before September 29, 2013.

Osisko shall solely fund a prefeasibility study to earn an aggregate 60% interest (that is, an additional 10% interest) in the Property on or before September 29, 2015.

Environment

On September 26, 1995, Orex obtained an environmental Release from the Nova Scotia Government providing that the Company will not be held responsible in respect of certain potential liabilities associated with existing environmental conditions which are not in any way affected during the course of implementation of the mining activities of Orex.

RELATED PARTY TRANSACTIONS

During the financial year, the Company paid vehicle rental expenses of \$12,000 (\$12,000 in 2009), professional fees of \$120,000 (\$120,000 in 2009), shares issuing fees of \$8,000 (\$9,480 in 2009), rental of equipment of \$48,000 (\$48,000 in 2009) and services and rental of office and equipment of \$96,000 (\$96,000 in 2009) to companies controlled by a director of the Company. During the financial year, the Company incurred management fees of \$120,000 (\$99,000 in 2009), rental of office of \$50,000 (\$0 in 2009) to a company controlled by the president, chief executive officer and director and consultation fees in geology of \$0 (\$12,000 in 2009) to a company controlled by a former director.

Also, during the year, professional fees of \$20,000 (\$11,000 in 2009) and shares issuing fees of \$20,000 (\$10,000 in 2009) have been incurred with the corporate secretary.

As at June 30, 2010 and 2009, accounts payable and accrued liabilities include \$6,047 (\$0 in 2009) payable to a related party. These accounts payable and accrued liabilities are subject to the same conditions of accounts payable and accrued liabilities with unrelated parties.

These transactions, entered into the normal course of operations, are measured at the exchange amount which is the amount of consideration established and agreed to by the related parties.

SUBSEQUENT EVENT

No subsequent event after the date of the balance sheet.

ACCOUNTING POLICIES

* See note 5 of the Company's financial statements for the years ended June 30, 2010 and 2009.

ACCOUNTING CHANGES

Financial Instruments

In June 2009, the Canadian Institute of Chartered Accountants amended Section 3862, "Financial instruments – disclosure". This section has been amended to introduce new financial disclosure requirements, particularly with respect to fair value measurement of financial instruments (three hierarchy levels) and entity exposure to liquidity risk. The amendments to this section apply to annual statements for years ending after September 2009. The Company adopted the amendment of Section 3862 during the fiscal year and there is no impact on the financial statements regarding the adoption of this standard.

INTERNATIONAL FINANCIAL REPORTING STANDARDS (IFRS)

The CICA plans the convergence of Canadian generally accepted accounting principles (GAAP) to International Financial Reporting Standards (IFRS) on a transition period ending in 2011. The Company expects this transition to have an effect on its accounting methods, presentation of financial information and information systems. During the following quarters, the Company will develop its internal implementation plan to meet the guidelines of the future reporting requirements.

Accounting Policies Impacted

Overall, a lot of effort will be put in the financial statements presentation as IFRS requires more disclosure. Set out below are the main areas where changes in accounting policies are expected to have a significant impact on the Company's financial statements. The list below should not be regarded as a complete list of changes that will result from transition to the IFRS. The standards listed below are those existing based on current Canadian GAAP and IFRS. At this stage, the Company is not able to reliably quantify the expected impacts of these differences on its financial statements. They are as follows:

First Time Adoption (IFRS 1)

IFRS 1 provides guidance to entities on the general approach to be taken when first adopting IFRS. The underlying principle of IFRS 1 is retrospective application of IFRS standards in force at the date an entity first reports using IFRS. IFRS 1 acknowledges that full retrospective application may not be practical or appropriate in all situations and prescribes:

- exemptions from specific aspects of certain IFRS standards in the preparation of the opening balance sheet; and
- mandatory exceptions to retrospective application of certain IFRS standards.

Additionally, to ensure financial statements contain high-quality information that is transparent to users, IFRS 1 contains disclosure requirements to highlight changes made to financial statement items due to the transition to IFRS.

Impairment of Assets (IAS 36)

IFRS requires the use of a one-step impairment test (impairment testing is performed using discounted cash flows) rather than the two-step test under Canadian GAAP (using undiscounted cash flow as a trigger to identify potential impairment loss). IFRS requires reversal of impairment losses (excluding goodwill) where previous adverse circumstances have changed; this is prohibited under Canadian GAAP.

Impairment testing should be performed at the asset level for long-lived assets and intangible assets. Where the recoverable amount cannot be estimated for individual assets, it should be estimated as part of a Cash Generating Unit ("CGU").

Share-based Payments (IFRS 2)

Per IFRS, the forfeiture rate, with respect to share options, needs to be estimated by the Company at the grant date instead of recognizing the entire compensation expense and only record actual forfeitures as they occur.

For graded-vesting features, IFRS requires each instalment to be treated as a separate share option grant, because each instalment has a different vesting period and hence the fair value of each instalment will differ.

Mineral Property Interests, Exploration and Evaluation Costs (IFRS 6)

Under IFRS, the Company would be required to develop an accounting policy to specifically and consistently identify which expenditures on exploration and evaluation activities will be recorded as assets. Unlike IFRS, Canadian GAAP indicates that exploration costs may initially be capitalized if the Company considers that such costs have the characteristics of property, plant and equipment.

Exploration and evaluation assets shall be classified as either tangible or intangible according to the nature of the assets acquired.

Property, Plant and Equipment (IAS 16, IFRIC 1)

Under IFRS, the Company can elect to measure fixed assets using either the cost model or the revaluation model. Canadian GAAP only accepts the cost model. The Company will not select the revaluation model due to the difficulty and effort needed to determine the fair value. Under IFRS, each part of a fixed asset with a cost that is significant in relation to the total cost of the asset shall be depreciated separately. In Canadian GAAP, the same requirement exists but when practical, and consequently rarely implemented. The IFRS may result in additional details needed to maintain de fixed assets sub-ledger. Under IFRS, the residual value and the useful life of an asset shall be reviewed at least at each year end. The Canadian GAAP was requesting the same review but only on a regular basis.

Information Systems

The accounting processes of the Company are simple since it is still at the exploration stage and no major challenges are expect at this point to operate the accounting system under the IFRS.

Internal Controls

Management is responsible for ensuring that processes are in place to provide it with sufficient knowledge to support its certification of the financial statements and MD&A, more specifically assessing that the SEDAR filings are presenting fairly the results of the Company. Management will make sure that once the convergence process is completed, it can still certify its fillings.

Impact on the Business

The business processes of the Company are simple and no major challenges are expected at this point to operate under IFRS. The Company has no foreign currency transactions, no hedging activities, no debt and no capital obligations. The Company doesn't expect that IFRS will have an impact on the requirements or business processes when it completes private placements. The Company has no compensation arrangements that will be affected by the IFRS implementation and its stock option plan will not be affected by ratios or financial objectives.

FINANCIAL INSTRUMENTS

Financial Risk Management Objectives and Policies

The Company is exposed to various financial risks resulting from both its operations and its investment activities. The Company's management manages financial risks.

The Company does not enter into financial instrument agreements including derivative financial instruments for speculative purposes.

Financial Risks

The Company's main financial risk exposure and its financial risk management policies are as follows :

Interest Rate Risk

Term deposits bear interest at a fixed rate and the Company is, therefore, exposed to the risk of changes in fair value resulting from interest rate fluctuations. A fluctuation of 10% of interest rates on the markets would involve a fluctuation of the results of the Company from approximately \$17,200.

Credit Risk

Credit risk is the risk that one party to a financial instrument will fail to discharge an obligation and cause the other party to incur a financial loss. The Company is subject to concentrations of credit risk through cash and cash equivalents, its term deposits and funds reserved for exploration. The Company reduces its credit risk by maintaining its cash and cash equivalents, term deposits and funds reserved for exploration in Canadian chartered banks and considers the risk of loss as low.

Liquidity Risk

Liquidity risk management serves to maintain a sufficient amount of cash and cash equivalents and to ensure that the Company has financing sources such as private placements for a sufficient amount. The Company establishes budget and cash estimates to ensure it has the necessary funds to fulfill its obligations. Obtaining additional funds makes it possible for the Company to continue its operations, and while it has been successful in doing so in the past, there can be no assurance it will be able to do so in the future.

Price Risk

The Company is exposed to a price risk because of its marketable securities. A fluctuation of 10% of the exchange value of these securities would involve a fluctuation of the results of the Company from approximately \$4,700.

Fair Value of Financial Instruments

The Company defines the fair value hierarchy under which it's financial instruments are valued as follows: Level 1 includes unadjusted quoted prices in active markets for identical assets or liabilities. Level 2 includes inputs other than quoted prices in level 1 that are observable for the asset or liability, either directly or indirectly and level 3 includes inputs for the asset or liability that are not based on observable market data. Cash and cash equivalents, marketable securities and funds reserved for exploration are considered as level 1. Term deposits are classified as level 2.

The fair value of marketable securities is equivalent to the market value based on the closing price. The fair value of term deposits was determined using discounted future cash flows at the interest rate of 1.45% which is the market rate at the balance sheet date for similar investments.

The fair value of financial instruments is summarized as follows:

	2010	
	<u>Carrying value</u>	<u>Fair value</u>
	\$	\$
Financial assets		
<i>Held for trading</i>		
Cash and cash equivalents	613,514	613,514
Term deposits	2,514,339	2,514,339
Marketable securities	4,250	4,250
Financial liabilities		
<i>Other financial liabilities</i>		
Accounts payable and accrued liabilities	97,771	97,771

	2009	
	<u>Carrying value</u>	<u>Fair value</u>
	\$	\$
Financial assets		
<i>Held for trading</i>		
Cash and cash equivalents	56,926	56,926
Term deposits	5,071	5,071
Marketable securities	7,250	7,250
Funds reserved for exploration	113,149	113,149
Financial liabilities		
<i>Other financial liabilities</i>		
Accounts payable and accrued liabilities	155,912	155,912

RISKS AND UNCERTAINTIES

Exploration

Exploration and mining involve a high degree of risk. Few exploration properties end up going into production. Other risks related to exploration and mining activities include unusual or unforeseen formations, fire, power failures, labour disputes, flooding, explosions, cave-ins, landslides and shortages of adequate or appropriate manpower, machinery or equipment.

The development of a resource property is subject to many factors, including the cost of mining, variations in the quality of the material mined, fluctuations in the commodity and currency markets, the cost of processing equipment, and others, such as aboriginal claims, government regulations including regulations regarding royalties, authorized production, import and export of natural resources and environmental protection. Depending on the price of the natural resources produced, the Company may decide not to undertake or continue commercial production. There can be no assurance that the expenses incurred by the Company to explore its properties will result in the discovery of a commercial quantity of ore. Most exploration projects do not result in the discovery of commercially viable mineral deposits.

Environmental and Other Regulations

Current and future environmental laws, regulations and measures could entail unforeseeable additional costs, capital expenditures, restrictions or delays in the Company's activities. Environmental regulations and standards are subject to constant revision and could be substantially tightened, which could have a serious impact on the Company and its ability to develop its properties economically. Before it commences mining a property, the Company must obtain environmental permits and the approval of the regulatory authorities. There is no assurance that these permits and approvals will be obtained, or that they will be obtained in a timely manner. The cost of complying with government regulations may also impact the viability of an operation or altogether prevent the economic development of a property.

Financing and Development

The Company does not presently have sufficient financial resources by itself to undertake its planned exploration and development programs. Development of the Company's properties therefore depends on its ability to raise the additional funds required. There can be no assurance that the Company will succeed in obtaining the funding required. The Company also has limited experience in developing resource properties, and its ability to do so depends on the use of appropriately skilled personnel or signature of agreements with other large resource companies that can provide the required expertise.

Commodity Prices

The factors that influence the market value of gold and any other mineral discovered are outside the Company's control. The impact of these factors cannot be accurately predicted. Resource prices can fluctuate widely, and have done so in recent years.

Risks not Covered by Insurance

The Company may become subject to claims arising from cave-ins, pollution or other risks against which it cannot insure itself or chooses not to insure itself due to the high cost of premiums or other reasons. Payment of such claims would decrease and could eliminate the funds available for exploration and mining activities.

STRATEGY AND OUTLOOK

Management will continue to account for the Company's funds very rigorously, its first goal being the optimization of shareholders return on investment. Its development strategy aims towards the discovery of economically recoverable ore reserves, and to generate revenues out of mineral deposits to ensure the Company's viability. Management, while applying its' development strategy, will consider the global environment in which exploration evolves, the evolution of the stock exchange market as well as the overall gold and metal prices.

ADDITIONAL INFORMATION AND ONGOING DISCLOSURE

This MD&A was prepared as at October 27, 2010. The Company regularly discloses additional information by means of press releases and quarterly financial statements on SEDAR' website (www.sedar.com).

This MD&A was reviewed by the Company's audit committee and was approved by the Board of Directors.

(S) Mark Billings

Mark Billings
President and CEO