

Management Discussion And Analysis of Financial Position And Results of Operations

(Year ended June 30, 2004)

The Management's Discussion and Analysis (« MD&A ») provides a discussion and analysis of our financial condition and results of operations to enable a reader to assess material changes for the year ended June 30, 2004 to those of the comparative year. This MD&A, prepared as of October 15, 2004, is intended to complement and supplement financial statements. It should also be read in conjunction with the MD&A for the year ended June 30, 2003, our audited annual financial statements and notes thereto. Our financial statements and this MD&A are intended to provide investors with reasonable basis for assessing our result 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.

STATEMENTS OF OPERATIONS

Significant Financial Data (Audited)

YEARS ENDED JUNE 30,	2004	2003
STATEMENTS OF OPERATION AND CASH FLOWS (\$)		
Interest	1,168	550
Administrative expenses	(212,115)	(149,772)
Net loss	(210,947)	(149,222)
Net loss per share on a diluted basic	(0.00)	(0.00)
BALANCE SHEET (\$)		
Cash and cash equivalents	256,627	1,275
Total assets	6,622,028	6,317,715
Total long-term debt	866,539	787,261
Shareholders' Equity	5,681,153	5,484,955

For the year ended June 30, 2004, Orex presents a net loss of \$210,947 or \$0.00 per share compared to a net loss of \$149,222 or (\$0.00) per share for the same period in 2003. This variation is mainly due to the posting of a stock-based compensation for an amount of \$63,960 following the grant of stock purchase options.

Interest

Interests for the financial year ended June 30, 2004 totaled \$1,168 compared to \$550 in 2003. This increase of the interest in 2004 is due to the financing closed in February 2004.

Administrative Expenses

The administrative expenses for the financial year ended June 30, 2004, totaled \$212,115 compared to \$149,772 for the same period in 2003. As mentioned before, this increase of operating costs is mainly due to the posting of a stock-based compensation following the grant of stock purchase options.

CASH FLOWS STATEMENTS

Operating

Operating activities, before net changes in non-cash working capital items, generated a negative cash flow of \$145,737 for the financial year ended June 30, 2004, compared to a negative cash flows of \$146,722 for the same period in 2003.

Net change in non-cash working capital items affecting operations is of (\$17,127) in 2004 compared to \$13,918 in 2003.

Financing

In accordance with our intentions expressed in the private placement of \$350,000 by Offering Memorandum closed in February 2004, in the third and fourth quarter of 2004, we have initiated an exploration program on the Goldboro property. During the financial year ended June 2003, there was no financing operation.

Investing

During the financial year ended June 30, 2004, cash and equivalents of \$39,733 were invested in exploration expenses on the Goldboro property, compared to \$0 for the same period in June 30, 2003.

Total cash and equivalents of \$255,352 were generated during the financial year ended June 2004, whereas operations for the year ended June 30, 2003 generated a diminution of the cash and equivalents of \$78,002.

BALANCE SHEETS

The Company's total assets amounted to \$6,622,028 as at June 30, 2004, compared to \$6,317,715 as at June 30, 2003. This variation of approximately \$300,000 is mainly attributable to the increase of \$39,733 in mining deferred exploration expenses, the increase of \$10,478 of accounts receivable and the increase of \$255,352 in cash and equivalents. As at June 30, 2004, we had cash and equivalents totaling \$256,627 compared to \$1,275 as at June 30, 2003.

Deferred exploration expenses went from \$4,726,406 as at June 30, 2003 to \$4,766,139 as at June 30, 2004, in reason of the exploration work realized after the private financing closed in February 2004.

Liabilities amounted to \$940,875 as at June 30, 2004 compared to \$832,760 as at June 30, 2003.

The increase in the shareholders' equity of \$196,198 during the financial year 2004 is the result of the private placement of \$350,000 realized in 2004.

CHANGES IN ACCOUNTING POLICIES

*Stock-Based Compensation (See note 2) **

*Impairment of Long-Lived Assets (See note 2) **

* See note 2 of the Company's financial statements for the years ended June 30, 2004 and 2003.

SIGNIFICANT ANNUAL FINANCIAL DATA (Audited)

YEARS ENDED JUNE 30	2004	2003	2002
STATEMENTS OF EARNINGS (\$)			
Interest	1,168	550	2,250
Net loss	(210,947)	(149,222)	(204,202)
Net loss per share on a diluted basic	(0.00)	(0.00)	(0.00)
BALANCE SHEET (\$)			
Cash and cash equivalents	256,627	1,275	79,277
Total assets	6,622,028	6,317,715	6,400,714
Total long-term debt	866,539	787,261	678,036
Shareholders' Equity	5,681,153	5,484,955	5,634,177
MINING EXPLORATION (\$)			
Exploration Expenses	39,733	0	0

The net loss increased from \$149,222 in 2003 to \$210,947 in 2004. This increase is mainly due to the posting of a stock-based compensation of \$63,960 due to the grant of 1,560,000 stock purchase options.

In 2004, the assets increase of \$304,313 is principally due to the closing of a \$350,000 financing for the realization of exploration works on the Goldboro property and for the contribution to the cash flows of the Company.

QUARTERLY INFORMATION (Unaudited)

QUARTERS	2004 June	2003 June	2004 March	2003 March	2003 December	2002 December	2003 September	2002 September
STATEMENT OF EARNINGS(\$)								
Interest	972	61	196	103	0	151	0	235
Net loss	(122,444)	(24,437)	(22,418)	(26,656)	(39,048)	(36,759)	(27,037)	(58,370)
Net loss per share on a diluted basic	(0.0024)	(0.0006)	(0.0005)	(0.0006)	(0.0008)	(0.0008)	(0.0006)	(0.0012)
BALANCE SHEET (\$)								
Cash and cash equivalents	256,627	1,275	303,841	30,790	480	47,723	1,545	57,889
Total assets	6,622,028	6,317,715	6,644,879	6,352,871	6,330,786	6,370,608	6,318,791	6,383,445
Total long-term debt	866,539	678,036	678,036	678,036	678,036	678,036	678,036	678,036
EXPLORATION EXPENSES (\$)								
Exploration expenses	21,142	0	14,630	0	3,961	0	0	0

CONTRACTUAL OBLIGATIONS AND COMMITMENTS

Long-Term Debt

The long-term debt comes from advances of companies controlled by the president of Orex, non-interest bearing and with no term of repayment.

Royalties and Lien on the Goldboro Property

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

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 ended June 30, 2004, the Company has paid rental expenses and professional fees for a total amount of \$78,000 (2003, \$78,000) to companies controlled by the president of Orex. The balance payable to these companies arising from those transactions is included under "Advances from a related company" in the current liabilities.

During the year, professional fees of \$35,000 have been paid to the secretary of the Company for services rendered in 2004 and in the three previous financial years. Balance payable arising from those transactions are included under "Advances from directors".

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

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.

INFORMATION ON OUTSTANDING SHARES

As at June 30, 2004, Orex's share capital is comprised of 51,799,866 common shares issued and outstanding. On June 30, 2003, Orex's share capital was 48,299,866 common shares issued and outstanding.

In February 2004, we realized a private placement of 350 units of \$1,000 each. Each unit consists of 10,000 common shares and 10,000 warrants. Each warrant entitles its holder to purchase one common share at a price of \$0.13 per share. As at June 30, 2004, 3,500,000 warrants are outstanding. Those warrants expire in February 2005.

The Company has a stock option plan for its employees, officers, consultants, directors. The plan provides for the grant of non-transferable options for the purchase of common shares. As at June 30, 2004, options to purchase 2,345,000 common shares are outstanding under that stock option plan.

STRATEGY AND GOALS

Our goal is to maximize the value for our shareholders and our strategy to achieve this goal is primarily to focus on the development of Goldboro property that we entirely own with no lien, hypothec or royalties held by third parties.

REALIZATIONS FOR THE EXERCISE 2004

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| <ol style="list-style-type: none">1. Contract with a new crew of consultants.2. Closing of a \$350 000 financing.3. Reinterpretation and understanding of the information on the Goldboro property.4. Obtain a technical report under the National Instrument 43-101 concerning information on mining projects. |
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GOALS FOR THE YEAR 2005

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| <ol style="list-style-type: none">5. Continue current exploration programs on the Goldboro property.6. Complete a financing for the execution of the Phase I of the works recommended on the National Instrument 43-101 report in order to:<ul style="list-style-type: none">- properly assess the analytical problem of gold assays due to the presence of coarse grained gold,- send a delegation of geoscientists to visit saddle reef type deposits that are currently in production such the New Bendigo deposit located in Australia. The will help to better understand the Goldboro deposit. |
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Additional Information and Continuous Disclosure

This MD&A has been prepared as of October 15, 2004. Additional information on the Company is available through regular filings of press releases, quarterly financial statements and its Annual Information Form on SEDAR (www.sedar.com).