

OREX *EXPLORATION INC.*

UNAUDITED INTERIM FINANCIAL STATEMENTS

FOR THE THREE-MONTH PERIOD ENDED

SEPTEMBER 30, 2004

Notice to Reader

Management has compiled the unaudited interim financial information of Orex Exploration Inc. consisting of the interim balance sheet as at September 30, 2004 and the statements of Deferred Exploration Expenditures, Earnings, Deficit and Cash Flows for the three-month period ended September 30, 2004. An accounting firm has not reviewed or audited these interim financial statements.

CORPORATE INFORMATION	
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Management Discussion And Analysis of Financial Position And Results of Operations

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 period ended September 30, 2004 to those of the comparative period. This MD&A, prepared as of November 22, 2004, is intended to complement and supplement our interim financial statements. It should be read in conjunction with the MD&A for the year ended June, 2004, our audited annual financial statements and notes thereto, together with our interim financial statements and notes thereto for the three month period ended September 30, 2004. 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.

QUARTER - THREE-MONTH ENDED SEPTEMBER 30, 2004

STATEMENTS OF OPERATIONS

Significant Financial Data (Unaudited)

THREE-MONTH PERIODS ENDED SEPTEMBER 30,	2004	2003
STATEMENTS OF OPERATION AND CASH FLOWS (\$)		
Interest	774	-
Administrative expenses	(28,393)	(27,037)
Net loss	(27,619)	(27,037)
Net loss per share on a diluted basic	(0.00)	(0.00)
BALANCE SHEET (\$)	As at September 30, 2004	As at June 30, 2004
Cash and cash equivalents	187,948	256,627
Total assets	6,608,884	6,622,028
Total long-term debt	863,415	866,539
Shareholders' Equity	5,653,534	5,681,153

Net Loss

For the three-month period ended September 30, 2004, Orex presents a net loss of \$27,619 or \$0.00 per share compared to a net loss of \$27,037 or \$0.00 per share for the same period ended in 2003.

Interest

Interests for the three-month period ended September 30, 2004 totaled \$774 compared to \$0 for the same period ended in 2003. This increase of the interest in 2004 is due to the financing closed in February 2004.

Administrative Expenses

The administrative expenses went from \$27,037 for the three-month period ended September 30, 2003 to \$28,393 for the same period ended in 2004.

CASH FLOWS STATEMENTS

Operating

Operating activities, before net changes in non-cash working capital items, generated a negative cash flow of \$27,619 for the three-month period ended September 30, 2004, compared to a negative cash flows of \$27,037 for the same period ended in 2003.

Net change in non-cash working capital items affecting operations is of \$960 for the three-month period ended September 30, 2004 compared to \$24,755 for the same period ended in 2003.

Financing

In accordance with it's intention expressed in the private placement of \$350,000 by Offering Memorandum closed in February 2004, Orex has initiated an exploration program on the Goldboro property, in the third quarter of the financial year ended June 30, 2004. During the quarters ended September 30, 2003 and 2004, there was no financing operation.

Investing

During the three-month period ended September 30, 2004, cash and equivalents of \$44,820 were invested in exploration expenses on the Goldboro property, compared to \$0 for the same period ended in 2003.

Total cash and equivalents of \$68,679 were used during the three-month period ended September 30, 2004, whereas operations for the same period ended in 2003 generated a diminution of the cash and equivalents of \$270.

BALANCE SHEETS

The Company's total assets amounted to \$6,608,884 as at September 30, 2004, compared to \$6,622,028 as at June 30, 2004.

Deferred exploration expenses went from \$4,766,139 as at June 30, 2004 to \$ 4,810,959 as at September 30, 2004 in reason of the exploration work realized after the private financing closed in February 2004.

Liabilities amounted to \$955,350 as at September 30, 2004 compared to \$940,875 as at June 30, 2004.

SIGNIFICANT ANNUAL FINANCIAL DATA

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 \$27,037 for the three-month period ended September 30, 2003 to \$27,619 for the same period ended in 2004.

From September 30, 2003 to September 30, 2004, the assets increase of \$290,093 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	September 2004	June 2004	March 2004	December 2003	September 2003	June 2003	March 2003	December 2002
STATEMENT OF EARNINGS(\$)								
Interest	774	972	196	0	0	61	103	151
Net loss	(27,619)	(122,444)	(22,418)	(39,048)	(27,037)	(24,437)	(26,656)	(36,759)
Net loss per share on a diluted basic	(0.0005)	(0.0024)	(0.0005)	(0.0008)	(0.0006)	(0.0006)	(0.0006)	(0.0008)
BALANCE SHEET (\$)								
Cash and cash equivalents	187,948	256,627	303,841	480	1,545	1,275	30,790	47,723
Total assets	6,608,884	6,622,028	6,644,879	6,330,786	6,318,791	6,317,715	6,352,871	6,370,608
Total long-term debt	863,415	866,539	787,261	787,261	787,261	787,261	678,036	678,036
EXPLORATION EXPENSES (\$)								
Exploration expenses	44,820	21,142	14,630	3,961	0	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 three-month period ended September 30, 2004, the Company has paid rental expenses and professional fees for a total amount of \$19,500 (2003, \$19,500) 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.

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 September 30, 2004, Orex's share capital is comprised of 51,799,866 common shares issued and outstanding.

3,500,000 warrants are outstanding as at September 30, 2004. Each warrant entitles its holder to purchase one common share at a price of \$0.13 per share. Those warrants expire in February 25, 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. On August 24, 2004, the Company has granted stock options to purchase 1,650,000 common shares at a price of \$0.10 per share, in favor of directors, officers and one employee. These options expire on August 24, 2009. As at September 30, 2004, options to purchase 3,995,000 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. The goals for the year 2005 is to continue current exploration programs on the Goldboro property, complete a financing for the execution of the Phase I of the works recommended on the National Instrument 43-101 report in order to properly assess the analytical problem of gold assays due to the presence of coarse grained gold and 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.

Additional Information and Continuous Disclosure

This MD&A has been prepared as of November 22, 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).

OREX Exploration Inc.

	Three-month Periods ending September 30		Three-month Periods ending September 30	
	2004 \$	2003 \$	2004 \$	2003 \$
STATEMENTS OF DEFERRED EXPLORATION EXPENDITURES <i>(unaudited)</i>				
EXPLORATION EXPENDITURES				
Consultants and subcontractors	42,047	-	42,047	-
General exploration expenses	-	-	-	-
Travelling expenses	2,773	-	2,773	-
INCREASE IN DEFERRED EXPENDITURES	44,820	-	44,820	-
BALANCE, BEGINNING	4,766,139	4,726,406	4,766,139	4,726,406
BALANCE, ENDING	4,810,959	4,726,406	4,810,959	4,726,406

	Three-month Periods ending September 30		Three-month Periods ending September 30	
	2004 \$	2003 \$	2004 \$	2003 \$
STATEMENTS OF EARNINGS AND DEFICIT <i>(unaudited)</i>				
REVENUES				
Interest	774	-	774	-
	774	-	774	-
ADMINISTRATIVE EXPENSES				
General administrative expenses	1,273	2,550	1,273	2,550
Professional fees	22,600	22,416	22,600	22,416
Information to shareholders	455	46	455	46
Listing and registration fees	4,065	2,025	4,065	2,025
	28,393	27,037	28,393	27,037
NET LOSS	(27,619)	(27,037)	(27,619)	(27,037)
DEFICIT, BEGINNING	(2,544,039)	(2,333,092)	(2,544,039)	(2,333,092)
DEFICIT, ENDING	(2,571,658)	(2,360,129)	(2,571,658)	(2,360,129)
BASIC AND DILUTED LOSS PER SHARE	0.0005	0.0006	0.0005	0.0006

OREX Exploration Inc.

	Three-month Periods ending September 30		Three-month Periods ending September 30	
	2004 \$	2003 \$	2004 \$	2003 \$
CASH FLOW STATEMENTS <i>(unaudited)</i>				
CASH FLOWS FROM:				
OPERATING ACTIVITIES				
Net loss	(27,619)	(27,037)	(27,619)	(27,037)
Items not requiring cash:				
Net change in non-cash working capital items affecting operations	960	24,755	960	24,755
CASH FLOWS FROM OPERATING ACTIVITIES	(26,659)	(2,282)	(26,659)	(2,282)
FINANCING ACTIVITIES				
Advances from directors (repayment)	(978)	826	(978)	826
Advances from related companies	6,902	1,726	6,902	1,726
Repayment the long-term debt	(3,124)	-	(3,124)	-
Issue of shares	-	-	-	-
Share issue expenses	-	-	-	-
CASH FLOWS FROM FINANCING ACTIVITIES	2,800	2,552	2,800	2,552
INVESTING ACTIVITIES				
Deferred exploration expenditures	(44,820)	-	(44,820)	-
CASH FLOWS FROM INVESTING ACTIVITIES	(44,820)	-	(44,820)	-
INCREASE (DECREASE) IN CASH AND EQUIVALENTS	(68,679)	270	(68,679)	270
CASH AND EQUIVALENTS, BEGINNING	256,627	1,275	256,627	1,275
CASH AND EQUIVALENTS, ENDING (A)	187,948	1,545	187,948	1,545

(A) Cash and equivalents include cash.

OREX Exploration Inc.

BALANCE SHEETS	September 30, 2004 (Unaudited)	June 30, 2004 (Audited)
	\$	\$
ASSETS		
CURRENT ASSETS		
Cash	187,948	256,627
Marketable Securities	7,250	7,250
Accounts receivable	26,727	16,012
	<u>221,925</u>	<u>279,889</u>
MINING PROPERTY - GOLDBORO	1,576,000	1,576,000
DEFERRED EXPLORATION EXPENDITURES - GOLDBORO	4,810,959	4,766,139
	<u>6,608,884</u>	<u>6,622,028</u>
LIABILITIES		
CURRENT LIABILITIES		
Accounts payable and accrued charges	50,525	38,850
Advances from directors, non-interest bearing	34,508	35,486
Advances from a related company, non-interest bearing	6,902	-
	<u>91,935</u>	<u>74,336</u>
LONG-TERM DEBT	863,415	866,539
	<u>955,350</u>	<u>940,875</u>
SHAREHOLDERS' EQUITY		
Capital stock		
Issued and paid		
51,799,866 common shares		8,161,232
51,799,866 common shares	8,161,232	
Contributed surplus	63,960	63,960
Deficit	(2,571,658)	(2,544,039)
	<u>5,653,534</u>	<u>5,681,153</u>
	<u>6,608,884</u>	<u>6,622,028</u>

OREX Exploration Inc.

Notes to Interim Financial Statements

- Note 1: These interim financial statements follow the same accounting policies and methods of computation as the most recent annual financial statements for the year ended June 30, 2004.
- Note 2: Loss per common share is based on a weighted average number of shares outstanding of 51,799,866 common shares for the three-month period ended September 30, 2004 and 48,299,866 for the three-month period ended September 30, 2003.
- Note 3: During the three-month period, the Company paid rental expenses and professional fees for a total amount of \$19,500 (2003, \$19,500) to companies controlled by the president of Orex Exploration Inc. The balance payable to these companies arising from those transactions is included under "Advances from related companies" in the current liabilities.

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.