



Transcript of initial interview with Mr. Gary Cope



President and CEO of Orex Minerals Inc.



TSX Venture Exchange: REX

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Mr. Gary Cope - President and CEO of Orex Minerals Inc. Gary Cope has accumulated over 33 years of experience in Corporate Management & Strategy, with a specific emphasis on Public Company Finance. He arranged financing for the South Kemess project, and later became heavily involved with the negotiations & selling of the deposit to Royal Oak Mines. In the past 12 years, he has acted as a Senior Officer & Director for various publicly-held companies, such as St. Phillips Resources. In addition to his current role with Orex, Mr. Cope serves as the President, CEO & Director of Orko Silver Corp.

Smallcaps.us: Hello and welcome to another Smallcaps.us interview. Today, we'll be speaking with Mr. Gary Cope, President and CEO of Orex Minerals Inc. Orex is involved in mining and exploration projects in Sweden and Mexico and has attracted attention recently with its gold and silver developments in those countries. You'll find Orex listed on the TSX Venture Exchange with ticker symbol REX. Gary, thanks for taking the time to speak with us today, we're glad you could join us.

Gary Cope: Happy to be here.

As this is our first interview, can you give our listeners a brief overview of Orex?

Sure. Orex is a pure exploration Company. We're made up of a team of explorers and I say that because one of the first questions we usually get asked is: "Will we take a project to production?" We've never done that. It's never been our first choice to do that and we think our expertise is in taking it to the pre-feasibility or feasibility level, and finding a qualified buyer to maximize shareholder value.

With our sister Company, Orko we are getting very close to fulfilling the whole spectrum of going from initial exploration to the selling of a project, and we hope we'll have a conclusion to that quite shortly.

But Orex is our next Company in line and we have currently two very, very quality projects in Orko, one in Sweden and one in Mexico. We're adding another Mexican project in the acquisition of Astral Mining, which is underway, and we're trying to build Orex into a very, very serious exploration Company.

Well, thank you. You briefly mentioned it, an important news item for Orex in its recently announced merger with Astral Mining, which is also listed on the TSX Venture. We'll go into more details about that merger in a moment, but first, I'd like to get to know Orex' current projects a little better. The Swedish Barsele project has just published a substantially increased resource estimate. Can you elaborate on the project and the estimate for us?

Sure. Barsele is a project in Northern Sweden in a very friendly mining belt that many of your listeners will know was the start for Boliden. I believe Boliden had about 30 mines in the east-west belt across this particular part of Northern Sweden. We picked up the project from Northland, who had it on their books.

A lot of work had already been done on the project. It had 400 drill holes in it already and a million ounce resource. Northland had made a corporate decision to go into iron ore production and this asset was just sitting on their books with not much work going into it. And in Sweden, if you don't work the ground, you lose it. So our timing was very lucky, in that we were able to go and cut what we think is a very good deal with Northland to obtain the project.

So far, we've done total geophysics across the entire holdings of the project, and we've done a first stage drilling project. And the last thing we've done now is to hire an independent consultant to start the scoping study on the central zone. So, lots of work has been done, lots more work to do, but we're very excited about Sweden, and we think we've got another mine there.

And just to give us an idea of the potential, what can you tell us about the other important gold deposits near the Barsele project?

Well, there is a Company called Dragon Mining, which has a mine in production called Svartliden. It's 20 to 30 kilometers away. To the east, we have Christiansburg, which is a Boliden operation, about 2,500 tons underground operation. Lappland Goldminers has a project to the north and west of us and it's again 20 to 30 kilometers away. And then Elgin Mining has Bjorkdal, which is on the coast to the east of us, maybe three or four hours. And then there are numerous historical mines all the way across that belt. So, it is the mining belt of Sweden and there's lots of exploration going on and quite a bit of production.

And now that we're talking about Sweden, how would you characterize the mining industry in that country? What kinds of challenges are there in Swedish mining law, and how is Orex approaching those challenges?

Well, I think when you talk about Sweden, you have to divide the country in two. I think if you were to find a project in the south of Sweden, the challenges are much greater than in the north. I think mining is a very acceptable form of business in the north and they welcome mining. In the south, you've got more people and you're going to get more environmental concerns in the south and more people who might oppose mining.

So, our experience in northern Sweden has been very good. Everything we were told by the mining authorities there: if you follow the rules, if you follow what they tell you to do, the timeframes they give you are excellent, and things happen properly. It's very efficient in Sweden, and I have to be honest, it's one of the most pleasant places to work. The infrastructure in the north of Sweden is tremendous; if you were to compare it to Canada or Russia or any of the other northern countries, their infrastructure is tremendous. I mean there's power, water, paved highways, everything right

to our project, so we're very happy to work in Sweden. And so far, our experience has been excellent.

Well, that's very interesting. Now, the Barsele project is the subject of an earn-in agreement, as you previously mentioned, with Northland Resources. What's the story behind this deal?

Well, it was an asset they had on their books that was no longer their focal point, and they were looking to sell it because they were starting to lose some of the concessions for lack of work. And we just had to come around, we had a vehicle and a track record with our team of doing very, very good and extensive exploration, and they liked that. And we were able to cut a very lucrative deal, we think, for the million ounces and they were happy with us taking the project forward.

And can you briefly describe what's happening at Barsele at this moment, and what progress you expect from the project over the next six months to a year?

Sure. Right now, there's a scoping study going on. We've hired a Company out of Australia called Mining Plus to independently go over and assess the Central Zone. We have a basic model on the Central Zone. We think there is, by an open-pit model, 250 meters by 250 meters by 300 meters deep that at the current grades would contain just about two million ounces of production. They're modelling that and will let us know how to advance the model and what we have to do to get a final permit for mining.

Now, having said that, we have a tremendous amount of new targets on our ground at Barsele that will need drilling. Both initial are gold targets and VMS targets. There's a small VMS deposit called Norra on the project as well. And we haven't done any work on Norra as yet, but these things tend to occur in clusters and our geophysics and till sampling has identified a number of potential other VMS targets as well as gold targets. So, lots of work to do and we're anxious to get drilling.

Great. Now, moving along to the Coneto gold-silver project in Mexico's Durango State, can you tell us a little about this project?

Sure. Coneto is a very, very large land package containing about 16 or 17 kilometers of strike length of mineralization by about four or five kilometers wide. We've identified 50 known veins already on the project. And we came to the conclusion very early that it was going to take, you know, hundreds of thousands of meters of drilling, and we thought that given the extent of that, maybe we should bring in a partner with deep pockets.

Fresnillo Plc. was the obvious one because they had some key ground within the deposit, and that ground has been added to the joint venture, and Fresnillo was more than happy to cut a joint venture where they're earning their interest by spending \$6 million over the next three years. They're currently drilling there now with two drills and the budget for this year is a \$2.5 million budget drilling 12,000 meters of drilling. We've put out the first initial results. We had some very good results and are anticipating the next batch of results here shortly.

And how do you envision the short to medium term future of the Coneto project?

Lots of exploration. Fresnillo will keep a news flow coming out of Coneto on drill results. I think at some point in the new year, there'll be an initial resource done by them on one part of the project called Loma Verde, and then we'll have our first initial resource of silver. Lots and lots of work to be done at Coneto, it's such a huge system. Thank God we've got Fresnillo, which is the largest silver miner in the world, anxiously waiting to get continue exploration. So, lots of news flow and lots of drill results.

I mentioned earlier that Orex announced the merger with Astral Mining mid-October. Please tell us about the details of the merger and the reasoning that went into it.

Well, Astral was a Company that had two projects that we were very interested in. The

Company had done an initial drilling program on their project in Mexico and had a spectacular result of five meters of 38 grams of gold, which really got our attention. And in talking to the Company, it became apparent that the Company was basically not able to raise any more funds, they had considerable debt that they weren't able to look after, and that they were looking for a partner or somebody to bail them out.

We really coveted the project in Mexico. And in talking with their management, we came to an arrangement where we would buy them out and take over the projects. We were also able to negotiate on the debt, on pennies on the dollar for most of the debt. So, we thought it was a great deal. The alternative was to wait and maybe the projects would become available, but if the projects did become available, we were worried that we would be in a big bidding war for some of them based on the results that Astral had to take. So, we were able to structure a deal that I think is very good for Orex shareholders and obtain two projects, which we are really excited about.

Well, that's great and can you also shed some light on Orex' financing strategy and its significant shareholders?

Yeah. We have a strategy for the long run that we want to turn Orex into two Companies. We want to split Sweden and Mexico up. We have a great deal of interest from securities firms in Europe, who just love the fact that it's a home-grown European project and financing is available for that project readily. I don't think that Orex gets the benefit of the true value of the both projects together, so I think the shareholders will benefit from the split and receive shares in both Companies.

As far as our financing strategy, we are talking about a large financing coming up in the new year for the Swedish project and actually we have existing financing for the Mexican project.

Significant shareholders, of course, Fresnillo is a large shareholder. They own just over 10% of Orex, and they invested in Orex on the basis of

Mexico alone. They are really not interested in getting involved operational-wise in Sweden. They're traditionally a Mexican Company that has stayed in Mexico. And we have another private investor, who is very close to having 20% of the Company and he's a very astute guy and involved in many Companies, and he just loves what he sees in Orex.

And finally, would you tell our listeners and readers a bit about the management team and other key players at Orex?

The management team is, with one exception, the same team that has discovered La Preciosa

in Mexico in Orko Silver. So, very experienced explorationists. We have three senior geologists, all with 30-plus years of experience. I myself, as an administrative marketer, have over 20 or 25 years in the business in running Companies, so we're a little bit, you know, on the old side, but we certainly have a lot of experience and still lots of energy.

Fantastic. Gary, thanks so much for your time and your thoughts. We'll make sure to follow Orex' progress and we hope to have you back in the future for an update.

Thank you very much for having me.

Interview Feedback

We welcome your questions and feedback regarding this interview at: <http://www.smallcaps.us/orex-minerals-ceo-gary-cope-discusses-potential-and-possible-split-up-of-swedish-and-mexican-projects>

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