

Consolidated Financial Statements of

OREMEX RESOURCES INC.

Year ended November 30, 2007



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AUDITORS' REPORT TO THE SHAREHOLDERS

We have audited the consolidated balance sheet of Oremex Resources Inc. as at November 30, 2007 and the consolidated statements of operations and deficit, comprehensive loss and cash flows for the year then ended. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In our opinion, these consolidated financial statements present fairly, in all material respects, the financial position of the Company as at November 30, 2007 and the results of its operations and its cash flows for the year then ended in accordance with Canadian generally accepted accounting principles.

The consolidated financial statements as at November 30, 2006 and for the year then ended were audited by other auditors who expressed an opinion without reservation on those statements in their report dated January 11, 2007.

KPMG LLP (signed)

Chartered Accountants

Vancouver, Canada

February 8, 2008, except as to note 6(c),
which is as of February 18, 2008

OREMEX RESOURCES INC.

Consolidated Balance Sheet

November 30, 2007, with comparative figures for 2006

	2007	2006
Assets		
Current assets:		
Cash and cash equivalents	\$ 1,974,744	\$ 5,971,675
Marketable securities (note 3)	203,486	-
Amounts receivable	48,816	9,669
Prepaid expenses	33,511	55,022
	<u>2,260,557</u>	<u>6,036,366</u>
Equipment (note 4)	385,951	46,005
Mineral property interests (note 5)	11,203,784	8,399,115
	<u>\$ 13,850,292</u>	<u>\$ 14,481,486</u>

Liabilities and Shareholders' Equity

Current liabilities:		
Accounts payable and accrued liabilities	\$ 233,816	\$ 53,370
Future income tax liability (note 8)	247,099	-
Shareholders' equity:		
Share capital (note 6)	15,245,682	15,032,672
Contributed surplus (note 7)	3,532,666	3,494,805
Accumulated other comprehensive income	48,201	-
Deficit	(5,457,172)	(4,099,361)
	<u>13,369,377</u>	<u>14,428,116</u>
	<u>\$ 13,850,292</u>	<u>\$ 14,481,486</u>

Nature of operations (note 1)
Related party transactions (note 9)
Commitments (note 10)
Subsequent events (notes 3, 6(c) and 13)

See accompanying notes to consolidated financial statements.

Approved on behalf of the Board:

"Andrew F.B. Milligan" Director

"Iain F. MacPhail" Director

OREMEX RESOURCES INC.

Consolidated Statement of Operations and Deficit

Year ended November 30, 2007, with comparative figures for 2006

	2007	2006
Administrative expenses:		
Accounting and audit	\$ 71,515	\$ 71,373
Amortization	36,093	13,155
Director and committee fees	161,000	94,500
Insurance	19,817	19,381
Legal	34,362	58,690
Management fees and salaries	335,938	170,550
Office expenses	124,669	167,850
Regulatory and filing fees	17,753	21,799
Rent	38,580	37,325
Shareholder relations	290,342	101,913
Stock-based compensation (note 7)	147,791	578,145
Travel	141,344	111,052
	1,419,204	1,445,733
Loss before undernoted items	(1,419,204)	(1,445,733)
Other income (expenses):		
Interest income	141,563	124,846
Rental income	65,606	-
Gain (loss) on sale of mineral property (note 5(a))	(30,082)	389,267
Write-down of mineral property interests (note 5(c))	(125,578)	-
Gain on sale of marketable securities	-	349,921
Loss on disposal of assets	(1,736)	(9,217)
Gain on foreign exchange	11,620	-
	61,393	854,817
Loss for the year	(1,357,811)	(590,916)
Deficit, beginning of the year	(4,099,361)	(3,508,445)
Deficit, end of the year	\$ (5,457,172)	\$ (4,099,361)
Basic and diluted loss per share	\$ (0.04)	\$ (0.02)
Weighted average number of shares outstanding - basic and diluted	37,049,777	32,235,567

Consolidated Statement of Comprehensive Loss

Year ended November 30, 2007, with comparative figures for 2006

	2007	2006
Loss for the year	\$ (1,357,811)	\$ (590,916)
Other comprehensive income:		
Unrealized gain on marketable securities available for sale	48,201	-
Comprehensive loss for the year	\$ (1,309,610)	\$ (590,916)

See accompanying notes to consolidated financial statements.

OREMEX RESOURCES INC.

Consolidated Statement of Cash Flows

Year ended November 30, 2007, with comparative figures for 2006

	2007	2006
Cash provided by (used in):		
Operations:		
Loss for the year	\$ (1,357,811)	\$ (590,916)
Items not affecting cash:		
Amortization	36,093	13,155
Loss on disposal of equipment	1,736	9,217
Loss (gain) on sale of mineral property	30,082	(389,267)
Gain on sale of marketable securities	-	(349,921)
Unrealized gain on foreign exchange	(21,439)	-
Stock-based compensation	147,791	578,145
Write-down of mineral property interests	125,578	-
	(1,037,970)	(729,587)
Changes in non-cash operating accounts:		
Amounts receivable	(39,147)	77
Prepaid expenses	21,511	(38,750)
Accounts payable and accrued liabilities	180,446	(30,467)
	(875,160)	(798,727)
Investments:		
Mineral property interest acquisition costs	(1,493,867)	(673,367)
Exploration of mineral property interests	(1,350,708)	(1,127,804)
Proceeds from sale of property	-	40,000
Selling costs of mineral interests	(2,501)	(6,000)
Proceeds from sale of marketable securities	-	779,921
Proceeds from sale of equipment	2,000	7,888
Purchase of equipment	(379,775)	(40,359)
	(3,224,851)	(1,019,721)
Financing:		
Proceeds from private placements	-	6,441,448
Proceeds from options exercised	103,080	244,750
	103,080	6,686,198
Increase (decrease) in cash and cash equivalents	(3,996,931)	4,867,750
Cash and cash equivalents, beginning of year	5,971,675	1,103,925
Cash and cash equivalents, end of year	\$ 1,974,744	\$ 5,971,675
Cash and cash equivalents consist of:		
Cash	\$ 55,044	\$ 288,754
Guaranteed investment certificates	1,919,700	-
Bankers acceptances and commercial paper	-	5,682,921
	\$ 1,974,744	\$ 5,971,675

Supplementary information (note 11)

See accompanying notes to consolidated financial statements.

OREMEX RESOURCES INC.

Notes to Consolidated Financial Statements

Year ended November 30, 2007

1. Nature of operations:

Oremex Resources Inc. (the Company) was incorporated on March 22, 1995 under the Canada Business Corporations Act. The Company's shares are traded on the TSX Venture Exchange under the trading symbol ORM.

The Company is in the process of exploring and evaluating its mineral property interests in Mexico. The Company requires additional approvals from both local and federal government authorities to continue its drilling programs. Accordingly, there are potential future political and legal risk implications should the project advance to a commercial production stage.

The Company presently has no proven reserves, and on the basis of information to date, has not yet determined whether any of its property interests contain economically recoverable ore resources. The amounts recorded as mineral property interests and deferred exploration costs represent costs incurred to date and do not necessarily represent present or future values. The ability of the Company to continue as a going concern and the recoverability of amounts recorded for mineral property interests is dependent upon the existence of economically recoverable reserves, the ability of the Company to arrange appropriate financing to complete the development of its property interests, securing of underlying title on optioned properties and upon future profitable production.

2. Significant accounting policies:

(a) Basis of consolidation:

The consolidated financial statements include the accounts of the Company and its wholly-owned subsidiaries:

- Oremexico S.A. de C.V. (Oremexico), incorporated under the federal laws of Mexico on July 27, 2007; and
- Minera Montana R.L. de C. V. (Montana), incorporated under the federal laws of Mexico and acquired September 26, 2007.

All inter-company transactions and balances have been eliminated on consolidation.

(b) Use of estimates:

The preparation of financial statements requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and the disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Significant areas requiring the use of management estimates relate to the determination of impairment of equipment and mineral property interests, useful lives for depreciation and amortization, determination of fair value for non-cash stock-based compensation and related party transactions, valuing warrants, foreign exchange conversions and allocations of exploration and related overhead costs to specific property interests. Where estimates have been used financial results as determined by actual events could differ from those estimates.

(c) Cash equivalents:

Cash equivalents include money market based investments, bankers acceptances, and guaranteed investment certificates where maturity is less than ninety days and that may be liquidated at the Company's option without significant penalty or significant change in value.

OREMEX RESOURCES INC.

Notes to Consolidated Financial Statements

Year ended November 30, 2007

2. Significant accounting policies (continued):

(d) Marketable securities:

Marketable securities include investments in shares of companies capable of reasonably prompt liquidation. See note 2(o) for adoption of new accounting standards.

(e) Equipment:

Equipment is recorded at cost and amortized over the useful lives of the assets at the following rates:

Asset	Basis	Rate
Computer equipment	declining balance	30%
Office furniture and equipment	declining balance	20%
Site vehicles	declining balance	30%
Software	declining balance	100%
Leasehold improvements	straight-line	5 years
Drilling rig	straight-line	10 years (net of 20% residual salvage value)

(f) Mineral property interests:

The Company records interests in mineral properties at cost. Where specific exploration programs are planned and budgeted by management, mineral exploration costs are capitalized to specific property interests and carried at cost until the properties to which they relate are advanced to the development stage, placed into commercial production, sold, abandoned or determined by management to be impaired in value. Costs incurred to maintain or to acquire multiple properties which are considered by management to be in a common area of interest based on proximity and a common geological exploration strategy, are allocated across the common group of properties to which they relate.

Management evaluates each mineral interest or grouping whenever events or changes in circumstances occur that may indicate impairment. Management then makes a determination based on exploration activity and results, estimated future cash flows and availability of funding as to whether the carrying value is recoverable.

Mineral interests, where future cash flows are not reasonably determinable, are evaluated for impairment based on results of exploration programs, management's intentions and determination of the extent to which future exploration programs are warranted and likely to be funded.

Capitalized exploration costs as reported on the balance sheet represent cost incurred to date or estimated recoverable amounts if lower than cost.

Proceeds of dispositions of partial resource interests on properties are credited as a reduction of carrying costs. No profit or loss is realized until all the related costs have been offset by disposition proceeds. If a property is placed into commercial production, accumulated costs to production will be amortized based on units of production or depletion.

Administrative expenses not directly associated with mineral properties are expensed in the period incurred.

OREMEX RESOURCES INC.

Notes to Consolidated Financial Statements

Year ended November 30, 2007

2. Significant accounting policies (continued):

(g) Impairment of long-lived assets:

The carrying values of long-lived assets with fixed or determinable lives are reviewed for impairment whenever events or changes in circumstances indicate the recoverable value may be less than the carrying amount. Recoverable value determinations are based on management's estimates of undiscounted future net cash flows expected to be recovered from specific assets or groups of assets through use or future disposition. Impairment charges are recorded in the period in which determination of impairment is made by management.

(h) Asset retirement obligations:

Mineral exploration activities expose the Company to potential environmental liabilities for reclamation of property in accordance with law and regulations of the jurisdictions in which the Company operates.

The Company recognizes the fair value of a liability for an asset retirement obligation in the period in which it incurs a legal obligation, if a reasonable estimate of fair value can be made, based on the discounted estimated future cash settlement of an asset retirement obligation. The asset retirement obligation is capitalized as part of the carrying amount of the associated long-lived asset and a liability is recorded. This asset retirement cost will be amortized over the life of the related asset. The liability is accreted, through operating expense, over a period ending when the liability is finally settled in cash, subject to annual adjustments for changes in estimates. The Company has assessed its mineral property and determined that no material asset retirement obligations exist.

(i) Income taxes:

The Company uses the asset and liability method of accounting for income taxes. Under this method, future income tax assets and liabilities are computed based on differences between the carrying amounts of assets and liabilities on the balance sheet and their corresponding tax values, generally using the substantively enacted income tax rates expected to apply to taxable income in the years in which those temporary differences are expected to be recovered or settled. The effect on future tax assets and liabilities of a change in tax rates is recognized in operations in the period that includes the date of substantive enactment.

Future income tax assets also result from unused loss carry forwards, income tax reductions and other deductions. Future tax assets are recognized to the extent that they are considered more likely than not to be realized. The valuation of future income tax assets is adjusted, if necessary, by the use of a valuation allowance to reflect the estimated realizable amount.

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Notes to Consolidated Financial Statements

Year ended November 30, 2007

2. Significant accounting policies (continued):

(j) Stock-based compensation:

The Company has a share option plan as described in note 6(b). The Company follows the fair value method for recording all stock-based compensation to directors and consultants.

Under the fair value method, stock-based payments are measured at the fair value of the consideration received or the fair value of the equity instruments issued or liabilities incurred, whichever is more reliably measurable and are charged to operations over the vesting period. The offset is credited to contributed surplus. Consideration received on the exercise of stock options is recorded as share capital and the related contributed surplus is transferred to share capital.

(k) Basic and diluted loss per share:

Basic earnings (loss) per share is calculated using the weighted average number of common shares outstanding.

The Company uses the treasury stock method for computing diluted earnings (loss) per share. This method assumes that any proceeds obtained upon exercise of options or warrants, would be used to purchase common shares at the average market price during this period.

The effect of applying the treasury stock method to the Company's loss per share calculation is anti-dilutive. Therefore, basic and diluted losses per share are equal for the years presented.

(l) Foreign exchange:

The functional and reporting currency of the Company is Canadian dollars.

The Company's subsidiaries are considered integrated foreign subsidiaries and their accounts are translated using the temporal method. Balance sheet items denominated in foreign currencies are translated into Canadian dollars at exchange rates prevailing at the balance sheet date for monetary items and at exchange rates in effect at the transaction date for non-monetary items. Revenue and expense items are translated at actual rates or average rates prevailing during the year.

Realized gains and losses from foreign currency translation are charged to income in the period in which they occur.

(m) Financial instruments:

The fair value of cash and cash equivalents, amounts receivable and accounts payable approximate their carrying value due to their short-term maturity. Marketable securities are recorded at fair value based on their quoted market price.

(n) Financial instrument risk:

The Company is engaged primarily in the mineral exploration field and manages related industry risk directly. The Company is at risk for fluctuations in commodity pricing and foreign currency exchange rates. The Company has not used forward or hedging contracts for foreign currency or commodity risk.

The Company is not exposed to significant credit concentration risk and is exposed to moderate interest rate risk on money market instruments.

OREMEX RESOURCES INC.

Notes to Consolidated Financial Statements

Year ended November 30, 2007

2. Significant accounting policies (continued):

- (o) Adoption of new accounting standards:

Financial instruments

On December 1, 2006, the Company adopted four new accounting standards that were issued by the Canadian Institute of Chartered Accountants (CICA): Handbook Section 1530, *Comprehensive Income*; Handbook Section 3855, *Financial Instruments - Recognition and Measurement*; Handbook Section 3861, *Financial Instruments - Disclosure and Presentation* and Handbook Section 3865, *Hedges*. Changes prescribed by each of the new accounting standards are set out below.

Comprehensive Income

As a result of adopting these standards, a new category, accumulated other comprehensive income, is required to be included in shareholders' equity in the balance sheet. Comprehensive income consists of net income and other comprehensive income. Amounts are recorded in other comprehensive income until the criteria for recognition in the consolidated statement of operations are met.

The Company has determined that the unrealized gain on the marketable securities should be reported in other comprehensive income at November 30, 2007. At December 1, 2006, the Company has determined that there are no items that should be reported in other comprehensive income, and therefore the Company's net earnings is equal to comprehensive income at that date.

Financial Instruments - Recognition and Measurement

Under the new standard, for accounting purposes, financial assets are classified as one of the following: held-to-maturity, loans and receivables, held-for-trading or available-for-sale, and financial liabilities are classified as held-for-trading or other than held-for-trading. Financial assets and liabilities held-for-trading are measured at fair value with gains and losses recognized in net income. Financial assets held-to-maturity, loans and receivables, and financial liabilities other than those held-for-trading, are measured at amortized cost. Financial assets available for sale are measured at fair value with gains or losses recognized in accumulated other comprehensive income until the asset is realized. Financial assets purchased and sold, where the contract requires the asset to be delivered within an established time frame, are recognized on a trade-date basis. All derivatives, including embedded derivatives that must be separately accounted for, generally must be classified as held-for-trading and recorded at fair value in the interim consolidated balance sheets. Transaction costs for financial liabilities are capitalized as incurred for financial instruments classified and amortized using the effective interest rate method.

Marketable securities have been designated as available for sale.

The Company adopted these standards prospectively, and, as such, comparative amounts for prior periods have not been restated.

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Notes to Consolidated Financial Statements

Year ended November 30, 2007

2. Significant accounting policies (continued):

(o) Adoption of new accounting standards (continued):

The adoption of new accounting policies for financial instruments has not resulted in any significant changes to the Company's financial statements, except that marketable securities are now carried at fair value.

The Company performed a review to identify derivatives and has concluded that there are no derivatives that need to be accounted for either at November 30, 2007 or 2006.

Hedges

The new standard specifies the criteria under which hedge accounting can be applied and how hedge accounting is to be executed for each of the permitted hedging strategies: fair value hedges, cash flow hedges, and hedges of a foreign currency exposure of a net investment in a self-sustaining foreign operation. In a cash flow hedging relationship, the effective portion of the change in the fair value of the hedging derivative is recognized in other comprehensive income. The ineffective portion is recognized in net income. The amounts recognized in accumulated other comprehensive income are reclassified to net income in the periods in which net income is affected by the variability in the cash flows of the hedged item.

The Company does not have any hedges, and therefore the Company was not impacted by the adoption of this standard.

(p) Comparative figures:

Certain comparative figures have been reclassified to conform with the financial statement presentation adopted for the current year.

3. Marketable securities:

Marketable securities are carried at fair value based on quoted market prices. At November 30, 2007, the Company held 650,000 shares and 75,000 share purchase warrants of Canasil Resources Inc. acquired pursuant to a property sale for a cost of \$155,285. Each share purchase warrant is exercisable until January 26, 2008 at a price of \$0.50 per common share. These warrants expired subsequent to year-end, unexercised.

4. Equipment:

2007	Cost	Accumulated amortization	Net book value
Computer equipment	\$ 25,233	\$ 11,173	\$ 14,060
Office furniture and equipment	42,081	5,046	37,035
Software	7,620	7,282	338
Leasehold improvements	14,544	1,269	13,275
Site vehicles	69,322	14,611	54,711
Drilling rig held for leasing purposes	285,570	19,038	266,532
	\$ 444,370	\$ 58,419	\$ 385,951

OREMEX RESOURCES INC.

Notes to Consolidated Financial Statements

Year ended November 30, 2007

4. Equipment (continued):

2006	Cost	Accumulated amortization	Net book value
Computer equipment	\$ 25,577	\$ 6,984	\$ 18,593
Office furniture and equipment	15,635	1,563	14,072
Software	6,944	3,741	3,203
Leasehold improvements	2,909	436	2,473
Site vehicles	18,400	10,736	7,664
	\$ 69,465	\$ 23,460	\$ 46,005

5. Mineral property interests:

(a) Background:

Pursuant to an agreement dated February 28, 2003 (the Letter Agreement), between the Company and Montana (which at the time was controlled by an individual who subsequently became an officer and director of the Company, and currently remains a director), the Company agreed to acquire an option on the Tejaman silver property, the San Lucas silver property and four other mineral properties located in the states of Durango and Zacatecas, Mexico. In June 2003 the parties entered into a formal property option agreement dated effective February 28, 2003, as amended, (the Option Agreement) that replaced and superseded the Letter Agreement. The individual above and certain members of his family subscribed for 3,500,000 Series A Special Warrants of the Company at a price of \$0.001 per special warrant. In accordance with the terms of the Option Agreement, the Company paid the sum of \$3,500 and reimbursed other costs incurred by Montana totaling \$236,954.

Montana agreed to acquire the above mineral exploration concessions under an option agreement dated July 20, 2000 with the underlying property owner, as amended (the Jarvis Agreement). Under the terms of the Jarvis Agreement (subsequently amended on October 28, 2005), Montana had the right to acquire the concessions by making payments totaling US\$2,118,000. The mineral exploration concessions which were the subject of the Jarvis Agreement include concessions that form part of the Tejaman Silver Property and the San Lucas Silver Property, as well as four other mineral property interests, being La Parilla, Mezquetal, Maco and El Sol, two of which were subsequently sold.

On December 9, 2004, Montana entered into an option agreement to acquire additional mineral exploration concessions from an underlying property owner. Under the terms of Agreement, Montana has the right to acquire the concessions by making payments totaling MP\$2,250,000 (CAD\$203,650) and IVA. To date, payments of MP\$550,000 (CAD\$49,780) have been paid. The Company is required to make the following payments: MP\$600,000 (CAD\$54,300) on December 31, 2008, MP\$400,000 (CAD\$36,200) on December 31, 2009 and MP\$700,000 (CAD\$63,370) on December 31, 2010.

On June 1, 2006, the Company completed the sale of its interest in the La Parilla property to First Majestic Resources Corp. (First Majestic) for \$40,000 and 200,000 common shares of First Majestic at a price of \$2.15 per share for gross proceeds of \$470,000. The carrying value of the La Parilla claim group at the time of the sale was \$74,733. The Company realized a gain from this sale of \$389,267 net of direct expenses.

OREMEX RESOURCES INC.

Notes to Consolidated Financial Statements

Year ended November 30, 2007

5. Mineral property interests (continued):

(a) Background (continued):

On December 8, 2006, the Company completed the sale of its interest in the Mezquetal property to Canasil Resources Inc. (Canasil) and its wholly-owned subsidiary Minera Canasil S.A. de C.V. A director of the Company had served as an officer of Canasil at the onset of the transaction. The Company received consideration of 650,000 shares of Canasil (valued at \$0.235 per share at the date of completion of the sale) and 75,000 share purchase warrants (valued at \$0.03 per warrant using the Black-Scholes model as of the date of the completion of the sale). Each share purchase warrant is exercisable until January 26, 2008 at a price of \$0.50 per common share. The property had a carrying value of \$182,866, resulting in a loss of \$30,082 on the sale of the property, after incurring \$2,501 of legal selling costs (note 3).

In January and February 2007, the Company completed the final two payments required under the Jarvis agreement. The mineral exploration concessions included in the Jarvis agreement were subsequently all registered in the name of Montana.

On May 11, 2007, the Company announced it had acquired the Santa Catarina massive sulfide gold property near the village of Santa Catarina in Sinaloa State, Mexico. The property was acquired for a purchase price of MP\$200,000 (CAD\$21,000) and back taxes of MP\$25,000 (CAD\$2,625).

(b) Acquisition of Montana and underlying mineral properties:

During the year ended November 30, 2007, the Company completed the terms of the Option Agreement and Jarvis Agreement and became beneficial owners of the mineral properties owned by Montana and the previous underlying property owner. The Company elected to acquire Montana rather than transfer the mineral property concession with the result that the Company now owns 100% of the mineral properties through its now wholly-owned subsidiary, Montana. No additional consideration was paid aside from acquisition costs of \$127,211.

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Notes to Consolidated Financial Statements

Year ended November 30, 2007

5. Mineral property interests (continued):

(c) Mineral property expenditures:

As of November 30, 2007:

	2007				2006
	Tejaman	San Lucas	Other	Total	Total
Acquisition costs:					
Balance, beginning of year	\$ 1,562,755	\$ 436,028	\$ 274,805	\$ 2,273,588	\$ 1,667,420
Incurring during year:					
Property option payments	1,288,751	12,227	69,907	1,370,885	599,060
Property tax payments	114,340	1,204	7,438	122,982	74,307
Cost of property sold (note 5(a))	-	-	(145,593)	(145,593)	(67,199)
Write-down of properties	-	-	(104,803)	(104,803)	-
Balance, end of year	2,965,846	449,459	101,754	3,517,059	2,273,588
Exploration expenditures:					
Balance, beginning of year	5,506,691	553,164	65,672	6,125,527	5,005,257
Incurring during year:					
Administration	87,399	65,599	453	153,451	123,611
Assaying	18,899	74,447	-	93,346	53,007
Camp costs and field supplies	72,092	140,697	-	212,789	127,752
Drilling, net	-	412,978	-	412,978	340,605
Environmental	-	4,201	66	4,267	-
Geological consulting	159,972	140,804	168	300,944	336,591
Geological survey	-	2,489	-	2,489	-
Labour	20,752	44,974	-	65,726	72,778
Permitting of land holding costs	8,430	2,893	1,884	13,207	-
Reports and maps	478	698	-	1,176	16,958
Transportation	43,497	46,838	-	90,335	56,503
Cost recovered on property sale	-	-	(37,273)	(37,273)	(7,535)
Write-down of properties	-	-	(20,775)	(20,775)	-
	411,519	936,618	(55,477)	1,292,660	1,120,270
Balance, end of year	5,918,210	1,489,782	10,195	7,418,187	6,125,527
Future income taxes	214,534	54,004	-	268,538	-
Total mineral property interests	\$ 9,098,590	\$ 1,993,245	\$ 111,949	\$ 11,203,784	\$ 8,399,115

OREMEX RESOURCES INC.

Notes to Consolidated Financial Statements

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5. Mineral property interests (continued):

(c) Mineral property expenditures (continued):

Subsequent to the purchase of Montana, the Company wrote down mineral properties as follows:

Property	Original amount	Revised amount
El Sol	\$ 109,236	\$ 1
Navidad	16,344	1
Total	\$ 125,580	\$ 2

6. Share capital:

(a) Common shares:

Authorized: Unlimited number of common shares, without par value

Issued and outstanding common shares:

	2007		2006	
	Number	Amount	Number	Amount
Balance, beginning of year	36,882,325	\$ 15,032,672	27,098,992	\$ 9,150,522
Shares issued:				
Options exercised	200,000	213,010	450,000	443,309
Private placement:				
Shares	-	-	9,333,333	5,997,393
Share issue costs	-	-	-	(558,552)
Balance, end of year	37,082,325	\$ 15,245,682	36,882,325	\$ 15,032,672

(i) During the year, the Company received \$103,000 from the exercise of 200,000 stock options at prices ranging from \$0.50 to \$0.52 per share. These stock options had a previously determined fair value of \$0.55 per option, which has been allocated from contributed surplus to share capital.

(ii) During 2006 the Company received \$244,750 from the exercise of 450,000 stock options at prices ranging from \$0.50 to \$0.57 per share. These stock options had a previously determined fair value of \$0.44 per option, which has been allocated from contributed surplus to share capital.

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6. Share capital (continued):

(a) Common shares (continued):

(iii) On May 19, 2006, the Company closed a private placement for 9,333,333 units at a price of \$0.75 per unit for gross proceeds of \$7,000,000. Each Unit consists of one common share and one-half of one transferable warrant, each whole warrant entitling the holder to purchase one common share until November 18, 2007 at \$0.95 per share, subject to an acceleration provision such that if, at any time following four months after the closing of the financing, the closing price per share on the TSX Venture Exchange is \$2.00 or higher for twenty consecutive business days, then the Company may give the investors notice that the warrants must be exercised or they will expire within 30 days of such notice. The fair value of the warrants attached to the share units has been estimated to be \$1,002,697 and is recorded in contributed surplus. All securities are subject to a four-month hold period. In connection with the private placement, the Company paid finder's fees of \$512,050 in cash.

(b) Share purchase options:

In April 2004, the Company adopted a 10% rolling share purchase option plan whereby options may not exceed 10% of the total number of shares issued and outstanding of the Company from time to time on a non-diluted basis. On May 11, 2006 and May 3, 2007, the plan was updated and re-approved. For the period ended November 30, 2007 options were outstanding as follows:

	Number of options	Weighted average exercise price	Weighted average number of years to expiry
Granted and outstanding:			
Balance, November 30, 2005	1,675,000	\$ 0.69	3.61
Granted	1,400,000	0.77	4.45
Exercised	(450,000)	0.54	-
Cancelled	(300,000)	0.50	1.97
Balance, November 30, 2006	2,325,000	0.74	3.33
Granted	650,000	0.55	4.45
Exercised	(200,000)	0.52	-
Cancelled	(425,000)	0.77	3.65
Balance outstanding, November 30, 2007	2,350,000	\$ 0.62	3.09
Balance exercisable, November 30, 2007	2,175,000	\$ 0.60	2.90

OREMEX RESOURCES INC.

Notes to Consolidated Financial Statements

Year ended November 30, 2007

6. Share capital (continued):

(b) Share purchase options (continued):

Option expiry dates are as follows:

Option expiry date	Number	Price
November 18, 2008	385,000	\$ 0.50
December 15, 2008	150,000	0.52
January 25, 2010	125,000	0.52
May 31, 2010	40,000	0.52
September 21, 2010	200,000	0.52
May 11, 2011	525,000	0.89
July 17, 2011	250,000	0.60
August 31, 2011	100,000	0.70
April 21, 2012	150,000	0.56
May 3, 2012	300,000	0.54
May 8, 2012	75,000	0.56
September 4, 2012	50,000	0.54
	2,350,000	\$ 0.62

(c) Share purchase warrants:

Transactions involving the Company's share purchase warrants have been summarized as follows:

	Number of warrants	Weighted average exercise price	Weighted average number of years to expiry
Balance, November 30, 2005	735,000	\$ 0.65	1.33
Issued	4,666,667	0.95	0.97
Balance, November 30, 2006	5,401,667	0.91	0.88
Expired	(735,000)	0.65	-
Balance, November 30, 2007	4,666,667	\$ 0.95	0.97

During the year, 735,000 warrants expired, each of which had entitled the holder to purchase one common share at a price of \$0.65.

The 4,666,667 warrants were originally due to expire November 19, 2007. The warrants were extended during the year ended November 30, 2007 to expire February 18, 2008. Subsequent to year-end, the warrants expired, unexercised.

OREMEX RESOURCES INC.

Notes to Consolidated Financial Statements

Year ended November 30, 2007

7. Contributed surplus and stock-based transactions:

During the years ended November 30, 2007 and 2006, the Company entered into certain transactions involving share rights for consultants and key personnel. The Company recorded contributed surplus arising from stock-based compensation related to these rights as follows:

	2007	2006
Balance, beginning of year	\$ 3,494,805	\$ 1,833,086
Fair value of stock options granted and vested	147,791	514,936
Fair value of warrants issued	-	1,282,133
Fair value adjustment upon repricing of options	-	63,209
Transfer to share capital upon exercise of stock options	(109,930)	(198,559)
Balance, end of year	\$ 3,532,666	\$ 3,494,805

- (a) For the year ended November 30, 2007, the Company recorded stock-based compensation expense of \$147,791 with respect to the issuance of 650,000 stock options, of which 100,000 have not vested and 75,000 were subsequently cancelled.
- (b) During the year, 200,000 stock options granted in prior periods were exercised at prices ranging from \$0.50 to \$0.52 per share. \$109,930 was transferred from contributed surplus to share capital as a result of the exercise.
- (c) For the year ended November 30, 2006, the Company recorded stock-based compensation expense of \$514,936 with respect to 1,400,000 stock options (2005 - 790,000) granted to directors and officers of the Company.
- (d) During 2006, 765,000 stock options granted to officers, consultants and directors were repriced to \$0.52 per share from exercise prices ranging between \$0.80 and \$1.02. The repricing of these options was approved by the shareholders at the Annual General Meeting held in May 2006. The fair value increase of repricing the 765,000 stock options has been determined to be \$63,209 using the Black-Scholes option pricing model.
- (e) During 2006, 450,000 stock options granted in prior periods were exercised at prices ranging from \$0.50 to \$0.57 per share. \$198,559 was transferred from contributed surplus to share capital as a result of the exercise.

The Company determined the fair value of the granted stock options on the date of the grant using the Black-Scholes option pricing model with the following assumptions:

	2007	2006
Risk free interest rate	4.22%	3.80 - 4.20%
Volatility	64 - 66%	85 - 89%
Expected life of options	5 years	2.5 years
Dividend rate	0%	0%

OREMEX RESOURCES INC.

Notes to Consolidated Financial Statements

Year ended November 30, 2007

8. Income taxes:

	2007	2006
Weighted average statutory income tax rate	34.1%	34.1%
Expected tax recovery at statutory rates	\$ (463,014)	\$ (201,502)
Non-deductible items for tax purposes	66,429	(45,190)
Changes in tax rates	-	19,800
Unrecognized benefit of non-capital losses	396,585	225,123
Other	-	1,769
Income tax expense	\$ -	\$ -

The Company has non-capital losses available for income tax purposes totaling approximately \$3,944,000, which may be carried forward to reduce future year's taxable income. These losses will expire at different stages up to and including 2027:

Year of expiry	Non-capital loss
2008	\$ 4,000
2009	15,000
2010	217,000
2014	1,078,000
2015	807,000
2026	660,000
2027	1,163,000
	\$ 3,944,000

The Company's future income tax assets and liabilities are as follows:

	2007	2006
Future tax assets - Canada:		
Losses carried forward	\$ 1,064,882	\$ 958,000
Share issuance costs	140,319	-
	1,205,201	958,000
Valuation allowance	(1,205,201)	(958,000)
Future tax liabilities - Mexico:		
Mineral properties	(247,099)	-
Net future tax liabilities	\$ (247,099)	\$ -

The criteria for recognizing potential future tax benefits as an asset have not been met. Management has determined that a valuation allowance of 100% is appropriate.

OREMEX RESOURCES INC.

Notes to Consolidated Financial Statements

Year ended November 30, 2007

9. Related party transactions:

During the year, the Company incurred the following amounts in transactions with directors and companies with common directors:

	2007	2006
Stock-based compensation	\$ 94,770	\$ 390,714
Consulting fees	-	11,615
Directors fees	161,000	94,500
Deferred mineral property expenditures (b and d)	1,117,116	1,254,326
Acquisition payments (b)	1,366,656	673,367
Geological consulting, travel and field supplies (c and e)	138,944	180,043
Rental income on rig (d)	(65,606)	-
	<u>\$ 2,812,880</u>	<u>\$ 2,604,565</u>

- (a) The acquisition of Montana in September, 2007 resulted in many of the expenses formerly handled by related parties being handled by in-house staff. These expenses are now presented as part of the consolidated financial statements.
- (b) Prior to the acquisition of Montana, funds for the budgeted mineral property exploration program in Mexico, as well as funds advanced for property acquisition payments, were advanced to Montana under contract to provide and manage the exploration program conducted in Mexico (note 5). Amounts paid to third parties by Montana were reimbursed at cost. Charges paid by Montana for equipment rentals and drilling services, that were provided by a company controlled by a director, were charged at market rates.
- (c) On November 30, 2003, the Company entered into an agreement for the provision of management and technical services from a company controlled by a director and former officer. Compensation under the agreement was US\$9,000 per month during the fiscal year ended November 30, 2007. During the third quarter, this contract ended upon the resignation of the officer. The travel amount includes reimbursement charges for the use of a private plane owned and piloted by the director.
- (d) The Company owns a drilling rig with a net book value of \$266,532 which is leased to a company whose majority shareholder is a director to the Company. The Company receives US\$15 per metre drilled as rental revenue and received a total of \$65,606 during the year ended November 30, 2007. In addition, the Company was charged \$341,502 for drilling work performed.
- (e) A director was contracted to provide geological consulting services on a month-to-month basis, as required, with respect to an appraisal of the Company's properties in Mexico.

Director compensation totaled \$161,000 for the year ended November 30, 2007 (2006 - \$94,500).

Transactions with related parties have been measured at their exchange amount, being the amount agreed to by the related parties.

OREMEX RESOURCES INC.

Notes to Consolidated Financial Statements

Year ended November 30, 2007

10. Commitments:

- (a) On November 30, 2003, the Company entered into an agreement for the provision of management and technical services from a company controlled by an officer and director. Compensation under the agreement was US\$9,000 per month. On May 31, 2005, this contract was amended to US\$5,400 per month. On November 16, 2005, this contract was renewed for a further six months. Effective May 1, 2006, compensation was reinstated to US\$9,000 per month. During the third quarter, this contract ended upon the resignation of the officer.
- (b) On July 17, 2006, the Company entered into an employment agreement with a senior officer. Compensation under the agreement is \$13,750 per month for the initial term ending November 30, 2006, and \$16,666 per month until November 30, 2007. The contract term ends November 30, 2009. Under the agreement, 250,000 share purchase options were granted that are exercisable at a price of \$0.60 per share for a period of up to five years.
- (c) On September 5, 2006, the Company entered into an employment agreement with a senior officer. Compensation under the agreement is \$5,000 per month, and the grant of 100,000 stock options under the incentive option plan. The options are exercisable at a price of \$0.70 per share for a period of five years. The contract was renewed on September 5, 2007 at \$6,500 per month.

11. Supplementary cash flow information:

In July 2006, the Company received 200,000 shares of First Majestic Resources Inc. at fair value of \$2.15 per share (\$430,000) as proceeds from the sale of the Company's La Parilla mineral option interest. This non-cash transaction has been excluded from the statement of cash flows.

In December 2006, the Company received 650,000 shares and 75,000 share purchase warrants of Canasil Resources at fair value of \$155,285 from the sale of the Company's Mezquetal property interest. This non-cash transaction has been excluded from the statement of cash flows.

The Company paid no interest or income taxes during the years ended November 30, 2007 and 2006.

12. Segmented information:

The Company operates in a single industry segment. At the year end, assets by geographic location are as follows:

	2007	2006
Mexico	\$ 9,094,333	\$ 8,399,115
Canada	4,755,959	6,082,371
	<u>\$ 13,850,292</u>	<u>\$ 14,481,486</u>

OREMEX RESOURCES INC.

Notes to Consolidated Financial Statements

Year ended November 30, 2007

13. Subsequent events:

On January 16, 2008, the Company received regulatory approval for an option to acquire 100% of the Cuyoaco property in Puebla State, which option had been announced November 20, 2007. The Company acquired the option from a director through its wholly owned subsidiary, Oremexico S.A. de C.V.

The exercise of the option requires payments as follows:

- US\$150,000 and 100,000 shares on regulatory approval (paid and shares issued);
- US\$100,000 and 200,000 shares on December 31, 2008;
- US\$150,000 and 200,000 shares on December 31, 2009;
- US\$250,000 and 200,000 shares on December 31, 2010; and
- US\$1.5 million and 1 million shares on December 31, 2011

The Company has also agreed to complete the necessary work and make tax payments to ensure the claims are kept in good standing.

OREMEX RESOURCES INC.
Management's Discussion & Analysis
For the Year Ended November 30, 2007

THE EFFECTIVE DATE OF THIS MANAGEMENT'S DISCUSSION AND ANALYSIS IS MARCH 20, 2008.

This Management's Discussion and Analysis (MD&A) is an overview of the activities of Oremex Resources Inc. (the Company) and its wholly-owned subsidiaries: Oremexico S.A. de C.V. (Oremexico), incorporated under the federal laws of Mexico on July 27, 2007; and Minera Montana R.L. de C. V. (Minera Montana), incorporated under the federal laws of Mexico.

This document is an overview of the year ended November 30, 2007, which incorporates certain information from the prior three fiscal years. This document should be read in conjunction with the consolidated audited financial statements of the Company for the year ended November 30, 2007, and the audited financial statements and MD&A for the year ended November 30, 2006. These financial statements have been prepared in accordance with Canadian generally accepted accounting principals (GAAP). All dollar amounts referred to in this discussion and analysis are expressed in Canadian dollars except where indicated otherwise. This document contains statements that constitute "forward-looking" statements and other cautionary notices (please refer to "*Forward-looking Statements and Estimates*" section in this MD&A for more information).

OVERALL PERFORMANCE

The Company is a Canadian-based active exploration and development company with a focus on the acquisition and development of mineral deposits in Mexico.

During the 2007 fiscal year, the Company:

- Completed final buyout of the underlying concession owner for the original portfolio of mineral properties held through an agreement with Minera Montana.
- Completed a restructuring, making Minera Montana a wholly-owned subsidiary of the Company.
- Strengthened the management team in Mexico, retaining a new Project Development Manager with extensive mine development experience for Tejaman.
- Advanced discussions with the Ejido of Tejaman (governing authority for the village and surrounding lands) under the guidance of the Company's new Project Development Manager for the right to access the surface at Tejaman (please see *Results of Operations* in this MD&A for more information).
- Announced results of an internal management study of mineralization at Tejaman, suggesting that open pit production could begin at the southern Los Mantos Zone then transition to an underground mining operation to exploit higher grade veins intercepted in drilling, thereby precluding a move of the village of Tejaman.
- Developed a plan to take Tejaman to feasibility study by early 2009.

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- Completed a reverse circulation drill program at the San Lucas Property extending the higher grade silver mineralization for 1.5 kilometres and outlining the potential for a large, low grade zinc-lead system.
- Acquired two new properties: the Santa Catarina Property, a gold-bearing massive sulphide prospect and, subsequent to year end, the Cuyoaco Property, which has the potential to host both a high grade gold system and porphyry copper-gold deposit.
- Strengthened the Board of Directors with the addition of Mr. Craig Thomas, a securities lawyer with extensive experience in the mining sector and Mr. Chris Marcus, a marketing and communications consultant.

RESULTS OF OPERATIONS

Mineral Properties Held Under Option with Minera Montana

Of the six mineral properties held through an agreement with Minera Montana since 2003, four remained in the property portfolio by the first quarter of 2007. During the first quarter the Company completed the buyout of the underlying owner for the mineral concessions in its property portfolio. There are no ongoing obligations or residual royalties payable to, or net profit interests retained by, the former owner of the mineral concessions.

Having completed the buyout of the underlying owner during the fiscal year, the Company also completed a restructuring, making Minera Montana a wholly-owned subsidiary. To complete the restructuring, external advisors were retained to provide tax, financial, legal and environmental opinions. Prior to the restructuring, Minera Montana was controlled by an individual who was a director and officer of the Company. The Company conducted its operations through Minera Montana. Since 2003, when the original six properties were acquired, the Company has acquired five additional properties: three in the State of Sinaloa, one in the State of Sonora and one in the State of Puebla. The Company has also sold two properties from its original portfolio. To date, the Company has made significant progress in advancing development of its key asset, the Tejamen Silver Property (Tejamen).

Tejamen Property, State of Durango

Tejamen is the Company's most advanced project. The property, located 130 kilometres northwest of Durango, the capital of the State of Durango, consists of 22 mineral concessions covering approximately 1,672 hectares. Access is by paved highway from Durango to Nuevo Ideal, and by 10 kilometres of good gravel road from Nuevo Ideal to Tejamen.

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Background

In 2006, the Company released results of a NI 43-101 compliant Technical Report prepared by Wardrop Engineering Inc. (Wardrop). Based on the 36,000 metres of reverse circulation drilling completed between December 2003 and November 2005, Wardrop calculated an Inferred Mineral Resource of 50.8 million ounces in 22.6 million tonnes at a grade of 66.9 grams per tonne silver (gpt) and 0.05 gpt gold or 69.8 gpt silver-equivalent.

Metallurgical testing in 2006 on a composite of test material indicated a silver recovery of 73 percent for two columns with modest lime and cyanide consumption. A 1,500 metre diamond drill program was also completed in 2006 to twin some reverse circulation holes and provide samples for rock strength testing and additional metallurgical work.

The Company also engaged Snowden Mining Industry Consultants Inc. (Snowden) in 2006 to complete a NI 43-101 compliant Technical Report, an independent Preliminary Assessment Study on Tejamen. Utilizing the Wardrop results, Snowden developed a base case mining scenario with an optimized pit shell containing 21.7 million tonnes grading 51.9 gpt silver and 0.023 gpt gold from two mineralized zones: Los Mantos and Cerro Prieto.

In their October 2006 report, Snowden concluded that a 10,000 tonne per day, open pit mining project and heap leach processing system could generate a significant return on investment with a net present value of US\$97.4 million at a silver price of US\$12.00 per ounce and US\$155.5 million at a silver price of US\$15.00 per ounce.

A geotechnical review of Tejamen conducted by Call & Nicholas Inc. in October 2006 concluded that rock strengths generally support the pit slope angles utilized by Snowden for the open pit design.

2007 Activities

During the first quarter 2007, the Company initiated discussions with the Ejido of Tejamen for surface access rights for mining. In Mexico, right to mineral concessions is separate from the right to surface access requiring the owner of mineral concessions to negotiate with the underlying land owner for the right to use the surface for exploration, development and exploitation of mineral resources. On February 26, 2007, the Company announced that the Ejido, by a narrow margin, elected not to renew the surface access permit for the Tejamen Silver Property. Discussions with the Ejido as well as the regional and State governments have continued throughout the year.

During the second quarter of 2007, the Company appointed a new Project Development Manager with almost 40 years of mine development experience for Tejamen. He, in turn, has assembled a team that is highly capable of developing Tejamen through feasibility to production.

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During the third quarter, management completed a revised internal analysis to refine the scoping study completed by Snowden which contemplated open pit mining from two mineralized zones, the Cerro Prieto and Los Mantos. The revised analysis, based on cost estimates from Snowden and operating costs of comparable Mexican mines, supports initial production solely from the southernmost Los Mantos Zone, which contains 70% of the silver defined to date on the property. Under this plan of operations, disturbance to the village would be minimal and it will not be necessary to move the village as contemplated in the Snowden report. Production could proceed for four to five years while additional exploration is conducted to explore for and expand near surface resources.

There is also good potential to explore, develop and exploit by underground mining methods, higher grade mineralization intersected in previous drilling under both the Los Mantos and Cerro Prieto zones.

The Company also received and released the final results of a diamond drill program completed late in 2006. Diamond drill holes DD-1 to DD-4 were drilled in the Cerro Prieto Zone. DD-1 and DD-2 showed good correlation with reverse circulation drill holes RC-1 and RC-2 and RC-7, respectively. Holes DD-3 and DD-4 intercepted significant thicknesses of mineralization in the zone. Holes DD-5 to DD-10 were drilled in the Los Mantos Zone. DD-5 and DD-6 intercepted mineralization consistent with the grade and thickness of prior drilling. DD-7 to DD-10 were drilled near the proposed mine pit walls for geotechnical purposes. Results of those tests were reported in late 2006.

San Lucas Property, State of Durango

The San Lucas Property (San Lucas), located 86 kilometres north of the city of Durango and accessed via paved highway, consists of 18 mineral concessions covering 925 hectares. San Lucas consists of a series of northeast trending mineralized shear zones in volcanic and sedimentary rocks.

Background

In 2005, the Company drilled 19 reverse circulation drill holes totaling 3,042 metres across one of the mineralized zones. Drill holes, spaced approximately 100 metres apart along the northeast striking structure, indicate a disseminated silver-lead-zinc system. The mineralization was traced by drilling for 1,700 metres. Surface mapping has traced the zone for over four kilometers and has identified a separate subparallel structure.

2007 Activities

In 2007, the Company negotiated a long-term lease with the Ejido of San Lucas for the use of surface rights at San Lucas. The Company completed a 7,000 metre reverse circulation drill program to test extensions down dip and along trend of mineralization.

OREMEX RESOURCES INC.
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The Company released highlights as follows:

Drill Hole	Interval* (metres)	From - to (metres)	Ag (grams per tonne)	Ag (ounces per ton)	Zn (%)	Pb (%)
SL-20	14	30-44	26.1	0.8	0.4	0.3
	16	64-80	45.7	1.3	>1.0	0.5
Incl.	6	64-70	60.9	1.8	>0.7	0.8
SL-34	12	90-102	71	2.1	0.2	0.1
	4	126-130	35	1.0	-	-
SL-35	4	60-64	116	3.4	0.6	0.6
	12	130-142	145	4.2	0.4	0.4
SL-44	8	68-76	36	1.1	0.1	0.1
SL-46	14	92-106	158	4.6	0.7	0.4
Incl.	4	96-100	456	13.3	0.9	0.8
	8	154-162	290	8.5	0.4	0.3
Incl.	2	154-156	1,857	54.2	>1.0	>1.0
SL-48	4	84-88	110	3.2	0.1	0.1
SL-49	16	92-108	81.7	2.4	0.3	0.1
Incl.	2	94-96	615.6	18.0	0.3	0.1
SL-50	4	14-18	43.3	1.3	<0.1	0.2
	4	30-34	168.6	4.9	0.2	0.4
	2	50-52	96.0	2.8	0.4	0.1

* as drilled, not true widths

The Company subsequently completed a detailed assessment of results along with historic underground data concluding that there is potential to define a large, low grade deposit of zinc-lead mineralization.

Cuyoaco Property, State of Puebla

During the fourth quarter, the Company executed an agreement to acquire the Cuyoaco Property (Cuyoaco), a gold and base metal project, in the State of Puebla, Mexico. Cuyoaco has the potential to host both a high grade gold system and a large copper-gold porphyry deposit.

The agreement provides the Company, through its wholly-owned subsidiary Oremexico S.A. de C.V., with the exclusive option to purchase a 100 percent interest in the property over a four year period. The total purchase price of US\$3 million will be made by a combination of cash and shares of the Company scheduled over a four year time frame. The Company has also agreed to complete the necessary work and make the obligatory tax payments to ensure that the claims are in good standing. The mineral concession owner is Francisco Crespo Hernandez, a Director of the Company. Subsequent to year end, regulatory approval of this acquisition was obtained.

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Cuyoaco is located in an old mining camp, formerly known as the Talpizaco-Tateno Mining District where sedimentary rocks are intruded by a diorite stock and numerous dykes. Two concessions, covering 643 hectares, encompass the former Santa Elena, Santo Nino, Magistral and California-Durazno Mines. At the Santa Elena and Santo Nino zones, coarse metallic gold and electrum in calcite stringers is associated with narrow diorite dikes and adjacent skarns. At the Magistral and California-Durazno workings, copper-gold-lead-zinc anomalies suggest the presence of a large porphyry copper-gold system.

Chalchihuites Property, State of Zacatecas

The Chalchihuites Property, located 100 kilometres southeast of the city of Durango and 100 kilometres northwest of Fresnillo, Zacatecas, consists of four mineral concessions totaling 48 hectares. The property, located on the northern end of the Chalchihuites silver producing district, is a veined mantos system that produced high grade silver, lead and zinc. The Company did not perform any field work during the year and plans to complete a re-assessment of the property during 2008.

Maco Property, State of Sinaloa

The Maco Property, located near San Blas, Sinaloa, is comprised of a single concession covering 1,500 hectares. The concession covers a large area of prospective gold-copper porphyry mineralization. Results of a first quarter 2006 rock chip sampling program of a copper-stained cliff are encouraging. The Company has not performed any field work on the property during the year and plans to complete a re-assessment of the property during 2008.

Santa Catarina Property, State of Sinaloa

The Santa Catarina consists of two mineral concessions hosting a gold-bearing massive sulphide gold system. The 142 hectare property is located near the village of Santa Catarina in the State of Sinaloa. Pyrrhotite with minor chalcopyrite carries gold values that range from 6.8 to 17.1 grams per tonne gold with an apparent width of 20 metres. One concession was acquired outright for a purchase price of MP\$200,000 (CDN\$21,000) and back taxes of MP\$25,000 (CDN\$2,625). An additional 100 hectare mineral concession was acquired by staking.

El Sol Property, State of Durango

The El Sol Property, located 73 kilometres northeast of the city of Durango, consists of a single mineral concession covering 63 hectares with a high grade silver-lead-zinc system. The Company completed an updated assessment of the project during 2007 concluding at year end that further exploration activity on the property would not likely be undertaken, and wrote down its interest in the property by \$109,235.

OREMEX RESOURCES INC.
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Navidad Property, State of Sonora

The Navidad Property is located in the municipality of Cucurpe, State of Sonora, Mexico. The concession, in the vicinity of the Santa Gertrudis heap leach operation, covers 134 hectares. Prior information indicates the area is prospective for disseminated gold. The Company completed a sampling program in 2006 and a follow-up assessment in 2007, concluding that further exploration activity would not likely be undertaken, and wrote down its interest in the property by \$16,343.

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SUMMARY OF AUDITED ANNUAL INFORMATION

The Company is a mineral exploration company with no revenues from operations and no ongoing mining operations. In order to sustain the exploration programs, the Company raises capital primarily through the sale of common shares. Interest income is generated from the investment of surplus cash reserves.

The following summary of financial information is taken from the audited annual financial statements of the Company for 2007, 2006 and 2005. The effect of applying the treasury stock method to the Company's loss per share calculation is anti-dilutive. Therefore, basic and diluted losses per share are the same for the years presented below.

SELECTED ANNUAL FINANCIAL INFORMATION

(Audited)	November 30,		
(Thousands of Dollars)	2007	2006	2005
	\$	\$	\$
a) Total revenues	Nil	Nil	Nil
b) Loss before discontinued operations and extraordinary items	(1,358)	(591)	(1,012)
c) Basic and diluted loss per share	(0.04)	(0.02)	(0.04)
d) Loss for the year	(1,358)	(591)	(1,012)
e) Basic and diluted loss per share	(0.04)	(0.02)	(0.04)
f) Total assets	13,850	14,481	7,839
g) Total long-term financial liabilities	Nil	Nil	Nil
h) Cash dividends per share for each class of share	Nil	Nil	Nil

The losses, year over year, reflect the current stage of development of the Company from its initial public offering in fiscal 2003 along with acquisition of the mineral properties through the sustaining years of exploration work, primarily on Tejamen. The increase of total assets, year over year, reflects the capitalization of exploration program costs, partially offset by declining cash balances used to fund the programs.

OREMEX RESOURCES INC.
Management's Discussion & Analysis
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SUMMARY OF QUARTERLY RESULTS

The following information is derived from the unaudited interim financial statements of the Company that were prepared by management in accordance with Canadian GAAP.

Period	Revenues \$	Loss (Income) \$	Loss (Income) per share \$
Nov. 30, 2007	Nil	442,700	0.018
Aug. 31, 2007	Nil	455,800	0.010
May 31, 2007	Nil	404,000	0.010
Feb. 28, 2007	Nil	75,300	0.002
Nov. 30, 2006	Nil	(98,000)	(0.005)
Aug. 31, 2006	Nil	(103,000)	(0.005)
May 31, 2006	Nil	581,000	0.020
Feb. 28, 2006	Nil	211,000	0.008

The Company's expenses are related to the level of activity of the Company. Consequently, relative levels of expenditures are not predictable and observable trends may not be meaningful.

FINANCIAL SUMMARY

For the year ended November 30, 2007, the Company had a loss of \$1,357,811 (\$0.04 per share). Including an unrealized gain of \$48,201 on marketable securities held for resale, the Company had a comprehensive loss of \$1,309,610. This compares to a loss (and comprehensive loss) for 2006 of \$590,916 or \$0.02 per share.

In January 2005, the Canadian Institute of Chartered Accountants adopted Handbook sections relating to financial instruments and comprehensive income (see note 2(o) of the financial statements), which were adopted by the Company when they came into effect for this fiscal year.

The principle effect of these rule changes on the Company is the requirement that marketable securities held for resale, such as those received from Canasil Resources Inc. in Q1 for the sale of the Mezquetal Property, are required to be revalued at their fair market value as of the date of the financial statements. Accordingly, the unrealized gain of \$48,201 on marketable securities held for resale at November 30, 2007 is reflected in comprehensive income. The Company will record additional gains or losses in future periods to reflect future changes in the fair market value or the disposal of these securities.

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During the year, the Company acquired a drill rig and reported the rig as a lease receivable in our quarterly financial statements. This was based on the Company's understanding of GAAP requirements for an embedded financial instrument. A year-end review of the terms of the drilling contract and additional information on GAAP requirements with respect to financial instruments indicated that the rig should more properly be recorded as a depreciable asset with a related operating lease on the rig. Accordingly, the Company has elected to present the drill rig as such and considers this to be a change in estimates as of year end based on additional information, and not a change in accounting policy.

The most significant reason for the difference between the 2007 loss of \$1,357,811 and the 2006 loss of \$590,916 is the sale of the La Parilla Property in 2006, which created a gain of \$389,267 on the sale of the property and a further gain of \$349,921 when the shares of First Majestic Resources Corp., which were received as consideration for the property, were subsequently sold. In contrast, in 2007 the Company did not have any gains related to the sale of securities and incurred a loss of \$30,082 on the sale of the Mezquetal Property to Canasil Resources Inc., as well as incurring a write-down of \$125,578 on the El Sol and Navidad properties.

Aside from the above, overall expenses were generally comparable at \$1,419,204 in 2007 as compared to \$1,445,733 in 2006. The principal differences during the year were:

- Amortization of \$36,093 (2006 - \$13,155) reflecting the consolidation of Minera Montana and Oremexico, and the amortization of assets held by those subsidiaries;
- Director and committee fees of \$161,000 (2006 - \$94,500) due to the increased size of the board and increased compensation during the year;
- Legal fees of \$34,362 (2006 - \$58,690) due to reduced regulatory filings. As well, \$17,012 of legal fees were capitalized as part of restructuring;
- Management fees and salaries of \$335,938 (2006 - \$170,550) due to staff changes and salary increases in an increasingly competitive market for experienced, senior personnel, and a reduction in the use of external consultants in favour of in-house staff;
- Office expenses of \$124,669 (2006 - \$167,850) were reduced through the imposition of budget constraints;
- Shareholder relations expenses increased to \$290,342 (2006 - \$101,913) as the Company actively attended investor forums and one-on-one meetings to facilitate investor communication and seek out potential future financing sources;
- Stock based compensation declined to \$147,791 (2006 - \$578,145) as minimal options were issued during the year;
- Interest income was \$141,563 (2006 - \$124,846) due to higher rates and rental income of \$65,606 (2006 - \$nil) was received from the use of the drill rig.

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CAPITAL RESOURCES AND LIQUIDITY

As at November 30, 2007, the Company's working capital was \$2,026,741 (2006 - \$5,982,996), which included \$1,974,744 in cash and cash equivalents (2006 - \$5,971,675). Management is of the opinion that these financial resources are sufficient in order to fund the Company's ongoing level of corporate activities for the next twelve months; however, management anticipates that additional funds will need to be raised to meet planned exploration programs for the 2008 fiscal year. The Company's cash requirements are not exact projections and may change due to future circumstances. In the event of any changes, the Company may require additional funding above current estimates. As a mineral exploration company, the Company is reliant upon equity financings to fund its exploration activities. However, there can be no assurance that debt facilities or additional equity financings will be available when required or at terms that are favourable to the Company.

The Company does not, and does not intend to, hold any of its investments in commercial paper.

OFF-BALANCE-SHEET ARRANGEMENTS

As at November 30, 2007 and as of the date of this report, the Company had no off-balance sheet arrangements.

MANAGEMENT CHANGES

During the year:

- Mr. Dale Scholz resigned as President of the Company. Subsequent to year end, on March 15, 2008 he also resigned as a director of the Company; and
- Mr. Javier Rojas joined the Company as the Project Development Manager in Mexico.

TRANSACTIONS WITH RELATED PARTIES

Prior to the restructuring, the funds for the budgeted mineral property exploration program in Mexico were advanced to Minera Montana, a company then controlled by a former director and officer of the Company. Minera Montana was contracted to provide and manage the exploration programs conducted in Mexico on the Company's behalf. Amounts paid to third parties by Minera Montana were reimbursed at cost. Charges for equipment rentals and drilling services provided by a company controlled by one director were charged at market rates. Subsequent to the restructuring, all such expenditures are reflected in the consolidated accounts of the Company.

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During the year, the Company advanced approximately \$2,483,772 to Minera Montana for property acquisition payments and exploration expenditures. Included in these payments was approximately \$341,502 in drilling expenditures to a drilling company which has an investor that is a director of the Company. The Company received \$65,606 in rental income for the use of the drill rig from this company.

On November 30, 2003, the Company entered into an agreement for the provision of management and geological consulting fees from a company controlled by an officer and director for compensation of US\$9,000 per month. On May 31, 2005, that compensation was reduced to US\$5,400 per month due to the financial position of the Company. On May 11, 2006, the contract was amended to the original terms of US\$9,000 per month. During the year this contract ended upon the resignation of the officer.

Following the restructuring, the Company utilized the professional geological consulting services of a director of the Company for property evaluation purposes on a month-to-month basis. \$24,704 was incurred in geological consulting fees and expenses.

ACTUAL AND PROPOSED TRANSACTIONS

In the normal course of business, the Company evaluates mineral properties for either acquisition or disposal. There are no other contemplated transactions to be disclosed as of the date of this report.

CHANGES IN ACCOUNTING POLICIES

In January 2005, the Canadian Institute of Chartered Accountants issued Handbook Sections 3855, Financial Instruments – Recognition and Measurement, and Section 1530, Comprehensive Income. These new standards are effective for interim and annual financial statements relating to fiscal years commencing on or after October 1, 2006 on a prospective basis. Accordingly, comparative amounts for prior periods are not restated. The Company has adopted these new standards effective December 1, 2006.

FINANCIAL INSTRUMENTS AND OTHER INSTRUMENTS

The Company's financial instruments consist of cash and equivalents, amounts receivable, marketable securities, and accounts payable. The fair value of these instruments approximates their carrying value due to their short-term maturity, except for marketable securities which are marked to market.

Cash equivalents include money-market investments, banker's acceptances and guaranteed investment certificates where maturity is less than 90 days or that may be liquidated at the Company's option without significant penalty. The Company is not exposed to significant credit or interest rate risk.

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INCENTIVE SHARE OPTION PLAN

On May 3, 2007, shareholders approved the renewal of the Company's Incentive Share Option Plan (the Plan). Under the Plan, in compliance with the rules of the TSX Venture Exchange, the Company may grant share purchase options up to 10% of the issued and outstanding common shares of the Company.

OUTSTANDING SHARE DATA

The Company is authorized to issue an unlimited number of common shares without par value. As at November 30, 2007, the Company had 37,082,325 common shares issued and outstanding (see note 6 of the financial statements). There are no other classes of shares authorized to be issued. As of the date of this report, the Company had 37,082,325 shares outstanding.

As at November 30, 2007, the Company had 2,350,000 share purchase options outstanding at various exercise prices and maturing at various future dates. As of the date of this report, there were 2,375,000 options outstanding.

During the year, 735,000 warrants which were exercisable at a price of \$0.65 until June 21, 2007 expired, leaving 4,666,667 warrants exercisable at \$0.95 until November 19, 2007. These warrants were extended during the year to expire February 18, 2008. As of the date of this report, these warrants had expired.

As of the date of this report, on a fully diluted basis, if all options and warrants were exercised, a total of 39,457,325 shares would be issued and outstanding.

INVESTOR RELATIONS

During the year, the Company engaged the services of an independent consultant to provide investor relations services. As disclosed in the May 8, 2007, news release, compensation was \$3,750 per month for a term of 6 months. Options for 150,000 shares exercisable at \$0.56 per share were also issued with a 12 month quarterly vesting period. This contract has now ended and the options have expired as of the date of this report.

RISKS AND UNCERTAINTIES

By its nature, the business of mineral exploration and extraction involves a high degree of risk. The Company competes with other mining enterprises, some of which have greater financial resources, for the acquisition of mineral concessions. The Company is at risk to fluctuations in precious metal prices, the interest of investors and the availability of contractors. These factors impact upon the Company's ability to finance its programs and to carry on operations.

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Mineral development involves a high degree of risk as very few properties warrant the considerable expenditures required to initially substantiate their reserves and then to develop them into production. Consequently, very few properties are ever developed into producing mines. At present, none of the Company's properties have a known body of commercial ore and the Company has no mineral reserves. However, a NI 43-101 compliant Technical Report prepared by Wardrop Engineering Inc. and released by the Company in April 2006 identified an Inferred Mineral Resource of 50.8 million ounces of silver in 22.6 million tonnes grading 69.8 grams per tonne of silver-equivalent at Tejaman.

A subsequent NI 43-101 compliant technical report, prepared by Snowden Mining Industry Consultants and released by the Company in October 2006, concluded that the project could support a 10,000 tonne per day, heap leach and open pit mining operation with a net present value of US\$97.4 million at a silver price of US\$12.00 per ounce and US\$155.5 million at a silver price of US\$15.00.

The Company requires additional approvals from both local and federal government authorities to continue its drilling programs. Accordingly, there are potential future political and legal risk implications should the project advance to a commercial production stage.

The Company's mineral properties are all located in Mexico. As a result, the Company is subject to geographical and political risks including currency fluctuations, possible political and economic instability and logistical issues. The mineral exploration activities expose the Company to potential environmental liabilities relating to the reclamation of property in accordance with Mexican laws and regulations. The Company, through an external environmental consultant, conducted an initial review of environmental liabilities in preparation for the restructuring, and for permitting purposes at Tejaman.

There is no guarantee that title to the properties in which the Company has an interest will not be challenged. These mineral interests may be subject to prior unregistered agreements or transfers and title may be affected by undetected defects. The Company, through legal counsel in Mexico City, has completed a due diligence review of all of its mineral properties and their status.

The recoverability of amounts capitalized for the Company's properties is dependent upon the existence of economically recoverable reserves, the ability of the Company to arrange economically appropriate financing to complete the development of its properties, relevant metal prices, sufficient global and regional demand, and future profitable production.

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FORWARD-LOOKING STATEMENTS AND ESTIMATES

Certain statements made herein, other than those statements of historical fact, may constitute forward-looking statements. These include, but are not limited to, statements respecting anticipated business activities, planned expenditures, corporate strategies, investigation and acquisition of new projects. Although the Company believes that its expectations reflected in these forward-looking statements are reasonable, such statements involve risks and uncertainties and no assurance can be given that actual results will be consistent with these forward-looking statements. Forward-looking statements are based on the beliefs, opinions and estimates of management at the date the statements are made, and these by their inherent nature entail various risks, uncertainties and other unknown factors. Consequently, there can be no assurance that such statements will prove to be accurate, and actual results and future events could differ materially from those anticipated in such statements. Important factors that could cause actual results to differ from these forward-looking statements include those described under the heading Risk Factors elsewhere in this MD&A. Therefore, the reader is cautioned not to place undue reliance on forward-looking statements. Further, the Company disclaims any obligation or intention to update or to revise any forward-looking statement, whether as a result of new information, future events, or otherwise except as may be required under applicable securities legislation.

This MD&A contains references to estimates of mineral resources. By its very nature, the estimation of resources is uncertain and involves subjective judgments about many factors. The accuracy of any such estimates is a function of the quality and quantity of available data, the assumptions made and of the judgments used in the engineering and geological interpretations, all of which may ultimately prove to be unreliable. There can be no assurance that these estimates will be accurate or that such mineral resources can be mined and/or processed profitably. Mineral resources that do not meet the strict definition for mineral reserves do not have any demonstrated economic viability.

DISCLAIMER

The information contained within this discussion, by its very nature, is not a thorough summary of all matters and developments concerning the Company. This information should be considered with all of the disclosure documents of the Company. The information contained herein is not a substitute for a detailed investigation or an analysis of any issue related to the Company. No securities commission or regulatory authority has reviewed the accuracy or adequacy of the information presented.

CORPORATE DISCLOSURE PRACTICES AND POLICIES

The Company maintains a system of internal controls to provide reasonable assurance that assets are safeguarded and financial information is accurate and reliable. The Board of Directors has the responsibility to understand the principal risks of the business of the Company and to confirm that there are systems in place that effectively monitor and

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manage those risks with a view to the long term viability of the Company. The Chair of the Board is an unrelated outside director. Committees of the Board presently consist of an Audit Committee, a Compensation and Nominating Committee and a Corporate Governance Committee. The Audit Committee consists of three unrelated outside directors. The role of the Audit Committee is to review the Company's financial statements and the financial disclosure that is publicly disseminated, to review the systems of internal controls, and to monitor the performance and the independence of the Company's external auditors. The Compensation and Nominating Committee consists of three unrelated outside directors and one related director. The role of the Compensation and Nominating Committee is to recommend levels of executive compensation and to identify and to recommend to the Board the new director nominees at each annual meeting of the shareholders. The Corporate Governance Committee consists of three unrelated outside directors. The role of the Corporate Governance Committee is to monitor the effectiveness of the Board of Directors and of the Board Committees.

In the Company's second quarter MD&A, it was reported that the drill program at the San Lucas Property had gone substantially over budget as a result of excess drilling and cost overruns, which were attributed to difficult drilling conditions and weaknesses in control over costs and procedures.

In order to address the weakness in internal controls in Mexico, management undertook a series of actions to correct identified problems. The Company replaced the management team in Mexico, hiring a full time controller to manage financial matters in Mexico and a senior geologist to manage exploration, all under the supervision of the new project development manager. The responsibilities of the project development manager were expanded to include those of the former project manager for San Lucas. In addition, a complete review of staffing and related contracts in Mexico was completed and several adjustments made. The Company completed the restructuring and relocated the headquarters for Mexican operations to Nuevo Ideal, which is centrally located in the State of Durango and near the Company's most advanced property. Subsequent to the restructuring, all accounting and financial activities in Mexico were brought in-house, and additional systems and procedures were implemented which could not be implemented previously.

Management is of the opinion that the internal controls designed and implemented by the Company are reasonable in the circumstances given the size of the Company. The principal weaknesses in internal controls are a lack of segregation of duties, due to the small size of the Company, and a reliance on key members of management. Management is aware of the need for strong internal controls and actively implements new controls when it is feasible to do so, as demonstrated by the restructuring of Mexican operations noted above.

Pursuant to certification requirements for financial reporting, the Company and its management have designed and have in place disclosure controls and procedures that it

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believes are necessary to provide reasonable assurance that material information has been made available to management in preparation of its quarterly filings.

During the year, the Company appointed new auditors to reflect the multi-national operations of the Company.

There have been no changes in the issuer's internal controls with respect to financial reporting during the period, except as described above.

OTHER INFORMATION

The Company's web site address is www.oremex.com. Other information relating to the Company can be found on SEDAR at www.sedar.com. The Company is listed on the TSX Venture Exchange with the trading symbol **ORM**.

AUTHORITY

On March 20, 2008 the Board of Directors of the Company approved the audited financial statements of the Company for the year ended November 30, 2007 and the disclosure contained within this MD&A.