

OREMEX RESOURCES INC.

NOTICE OF NO AUDITOR REVIEW OF INTERIM FINANCIAL STATEMENTS

Under National Instrument 51-102, Part 4, subsection 4.3(3)(a), if an auditor has not performed a review of the interim financial statements, they must be accompanied by a notice indicating that the financial statements have not been reviewed by an auditor.

The accompanying unaudited interim financial statements of Oremex Resources Inc. (the “Company”) have been prepared by and are the responsibility of the Company’s management.

The Company’s independent auditor has not performed a review of these financial statements in accordance with standards established by the Canadian Institute of Chartered Accountants for a review of interim financial statements by an entity’s auditor.

OREMEX RESOURCES INC.

FINANCIAL STATEMENTS
(Unaudited)

FOR THE SIX MONTHS ENDED

May 31, 2006

OREMEX RESOURCES INC.

BALANCE SHEETS

	May 31 2006 (unaudited)	November 30 2005 (audited)
ASSETS		
Current Assets		
Cash and cash equivalents	\$ 6,405,910	\$ 1,103,925
Amounts receivable	57,296	9,746
Prepaid expenses	32,223	16,272
	6,495,429	1,129,943
Equipment (note 3)	42,056	35,906
Mineral Property Interests (note 4 and schedule)	7,429,672	6,672,677
	\$ 13,967,157	\$ 7,838,526
LIABILITIES		
Current Liabilities		
Accounts payable and accrued liabilities	\$ 98,711	\$ 83,837
SHAREHOLDERS' EQUITY		
Share Capital (note 5)	15,891,359	9,430,048
Contributed Surplus (note 6)	2,277,559	1,833,086
Deficit	(4,300,472)	(3,508,445)
	13,868,446	7,754,689
	\$ 13,967,157	\$ 7,838,526

Related party transactions (note 7)

Commitments (note 8)

Contingency (note 11)

Subsequent events (note 12)

On behalf of the Board:

“Dale E. Scholz” CEO
Dale E. Scholz

“Ross O. Glanville” Director
Ross O. Glanville

The accompanying notes are an integral part of these financial statements.

OREMEX RESOURCES INC.
STATEMENTS OF OPERATIONS AND DEFICIT
(Unaudited)

	Three Months Ended		Six Months Ended	
	May 31, 2006	May 31, 2005	May 31, 2006	May 31, 2005
ADMINISTRATIVE EXPENSES				
Accounting and audit	\$ 16,000	\$ 17,395	\$ 30,288	\$ 37,395
Administration	14,561	16,203	25,257	29,325
Amortization	2,079	1,856	4,795	3,712
Directors fees	24,500	6,000	42,500	12,960
Insurance	5,024	1,469	9,432	1,469
Investor relations contracts	-	18,000	2,083	18,000
Legal	13,319	15,709	27,463	38,354
Management fees and salaries	31,327	114,701	63,615	205,776
Office expenses	17,096	8,427	29,555	12,994
Regulatory and filing fees	6,623	4,769	12,138	17,905
Rent	12,641	3,756	18,491	9,291
Shareholder communications	51,563	25,711	75,838	51,083
Stock-based compensation	383,950	41,096	451,836	62,230
	578,683	275,092	793,291	500,494
OTHER INCOME				
Interest income	7,811	13,459	10,764	25,782
Foreign exchange gain (loss)	(502)	16,507	(265)	16,678
Loss on sale of assets	(9,235)	-	(9,235)	-
	(1,926)	29,966	1,264	42,460
LOSS FOR THE PERIOD	(580,609)	(245,126)	(792,027)	(458,034)
DEFICIT, beginning of period	(3,719,863)	(2,709,502)	(3,508,445)	(2,496,594)
DEFICIT, end of period	\$ (4,300,472)	\$ (2,954,628)	\$ (4,300,472)	\$ (2,954,628)
BASIC AND DILUTED LOSS PER SHARE	\$ (0.02)	\$ (0.01)	\$ (0.03)	\$ (0.02)
WEIGHTED AVERAGE NUMBER OF				
SHARES OUTSTANDING - basic and diluted	28,327,525	25,624,101	27,720,008	25,601,794

The accompanying notes are an integral part of these financial statements.

OREMEX RESOURCES INC.

STATEMENTS OF CASH FLOWS

(Unaudited)

	Three Months Ended		Six Months Ended	
	May 31, 2006	May 31, 2005	May 31, 2006	May 31, 2005
Cash flows from (used in) operating activities				
Loss for the period	\$ (580,609)	\$ (245,126)	\$ (792,027)	\$ (458,034)
Items not involving cash:				
Amortization	2,079	1,856	4,795	3,712
Loss on sale of assets	9,235	-	9,235	-
Stock-based compensation	383,950	41,096	451,836	62,230
	(185,345)	(202,174)	(326,161)	(392,092)
Changes in non-cash working capital:				
(Increase) in accounts receivable	(47,310)	(30,045)	(47,550)	(28,895)
Increase (decrease) in accounts payable and accrued liabilities	(2,034)	(18,208)	14,874	(15,918)
Decrease (increase) in prepaid expenses	27,518	(11,020)	(15,951)	(21,700)
Net cash used in operating activities	(207,171)	(261,447)	(374,788)	(458,605)
Cash flows from (used in) investing activities				
Mineral interest acquisition costs	(20,764)	(41,811)	(285,457)	(205,261)
Exploration of mineral property interests	(209,179)	(388,188)	(471,538)	(1,166,580)
Proceeds from sale of equipment	7,868	-	7,868	-
Purchase of equipment	(17,657)	-	(28,048)	-
Net cash used in investing activities	(239,732)	(429,999)	(777,175)	(1,371,841)
Cash flows from financing activities				
Proceeds from private placement, net	6,441,448	-	6,441,448	-
Proceeds from options exercised	12,500	25,000	12,500	25,000
Net cash provided by financing activities	6,453,948	25,000	6,453,948	25,000
Increase (decrease) in cash and cash equivalents	6,007,045	(666,446)	5,301,985	(1,805,446)
Cash and cash equivalents, beginning of period	398,865	2,301,381	1,103,925	3,440,381
Cash and cash equivalents, end of period	\$ 6,405,910	\$ 1,634,935	\$ 6,405,910	\$ 1,634,935

Supplementary cash flow information (note 9)

The accompanying notes are an integral part of these financial statements.

OREMEX RESOURCES INC.

SCHEDULE OF MINERAL PROPERTY INTERESTS

Six Months Ended May 31, 2006 and Year Ended November 30, 2005

	Tejamen	San Lucas	Other	Total
Acquisition Costs				
Balance, November 30, 2004 (audited)	\$ 739,689	\$ 278,663	\$ 145,865	\$ 1,164,217
Property option payments	364,477	26,638	72,496	463,611
Property tax payments	22,711	12,568	4,313	39,592
Balance, November 30, 2005	1,126,877	317,869	222,674	1,667,420
Exploration Expenditures				
Balance, November 30, 2004 (audited)	2,898,049	149,688	49,970	3,097,707
Assaying	199,530	92,738	-	292,268
Camp costs and field supplies	120,243	35,670	120	156,033
Drilling	515,327	197,137	-	712,464
Exploration advances	191,154	-	-	191,154
Geological consulting	260,609	44,912	11,040	316,561
Labour	135,453	17,730	-	153,183
Reports and maps	1,286	2,266	-	3,552
Transportation	71,761	7,278	3,296	82,335
Balance, November 30, 2005	4,393,412	547,419	64,426	5,005,257
Mineral Property Interests - Nov. 30, 2005 (audited)	\$ 5,520,289	\$ 865,288	\$ 287,100	\$ 6,672,677
Acquisition Costs				
Balance, November 30, 2005 (audited)	\$ 1,126,877	\$ 317,869	\$ 222,674	\$ 1,667,420
Property option payments	203,744	19,326	41,622	264,692
Property tax payments	11,911	6,591	2,262	20,764
Balance, May 31, 2006	1,342,532	343,786	266,558	1,952,876
Exploration Expenditures				
Balance, November 30, 2005 (audited)	4,393,412	547,419	64,426	5,005,257
Administration	23,226	-	-	23,226
Assaying	43,257	-	-	43,257
Camp costs and field supplies	65,217	5	32	65,254
Drilling	38,930	-	-	38,930
Exploration advances	88,566	-	-	88,566
Geological consulting	124,858	2,158	2,973	129,989
Labour	18,547	-	-	18,547
Reports and maps	111	-	-	111
Road construction	4,112	-	-	4,112
Transportation	54,209	2,761	2,577	59,547
Balance, May 31, 2006	4,854,445	552,343	70,008	5,476,796
Mineral Property Interests - May 31, 2006 (unaudited)	\$ 6,196,977	\$ 896,129	\$ 336,566	\$ 7,429,672

The accompanying notes are an integral part of these financial statements.

OREMEX RESOURCES INC.

NOTES TO THE FINANCIAL STATEMENTS

Six Months Ended May 31, 2006

(Unaudited)

1. NATURE OF OPERATIONS

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 presently has no proven or probable reserves and on the basis of information to date, has not yet determined whether these properties 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 recoverability of these amounts is dependent upon the existence of economically recoverable reserves, the ability of the Company to arrange appropriate financing to complete the development of its properties, securing of underlying title on optioned properties and upon future profitable production.

These financial statements have been prepared on a going concern basis, which assumes the realization of assets and the liquidation of liabilities in the normal course of business. The Company's ability to continue as a going concern and the ability to meet mineral property option commitments, is dependent upon the Company's continued ability to finance expenditures, raise capital and achieve profitable operations. Failure to continue as a going concern may require the Company's assets and liabilities to be restated on a liquidation basis which could differ significantly from the going concern basis.

2. BASIS OF PRESENTATION

The unaudited interim financial statements have been prepared by the Company in accordance with Canadian generally accepted accounting principles ("Canadian GAAP"). The preparation of the financial statements is based on accounting policies and practices consistent with those used in the preparation of the Company's audited annual financial statements. Accordingly, these interim financial statements should be read in conjunction with the Company's audited financial statements for the year ended November 30, 2005, since they do not contain all disclosures required by Canadian GAAP for annual financial statements. These interim financial statements reflect all normal and recurring adjustments, which are, in the opinion of management, necessary for a fair presentation of the respective interim periods presented.

Certain of the 2005 comparative figures have been reclassified for presentation purposes only to conform with the current basis of presentation.

OREMEX RESOURCES INC.
NOTES TO THE FINANCIAL STATEMENTS
Six Months Ended May 31, 2006
(Unaudited)

3. EQUIPMENT

	May 31, 2006 (unaudited)			Nov. 30, 2005 (audited)	
	Cost	Accumulated Amortization	Net Book Value	Net Book Value	
Computer equipment	\$ 18,443	\$ 4,115	\$ 14,328	\$	13,421
Leasehold improvements	2,909	145	2,764		-
Office furniture and equipment	15,041	752	14,289		11,537
Software	2,363	994	1,369		-
Site vehicles	18,400	9,094	9,306		10,948
	\$ 57,156	\$ 15,100	\$ 42,056	\$	35,906

4. MINERAL PROPERTY INTERESTS

The Company initially agreed to acquire the Tejaman Silver Property, the San Lucas Silver Property and four other mineral properties located in the states of Durango and Zacatecas, Mexico, pursuant to an agreement dated February 28, 2003 (the "Letter Agreement"), between the Company and Minera Montana S. de C.V. ("Minera Montana"). Minera Montana is a Mexican corporation controlled by an individual who, subsequent to execution of this agreement, became an officer and director of the Company. The Letter Agreement originally contemplated that the Company would acquire Minera Montana in consideration for the issue of not less than 3,500,000 common shares of the Company. The structure of the transaction was changed in June, 2003 whereby 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. In connection with revisions to the deal structure, 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. 3,500,000 common shares issued on the exercise of the Series A Special Warrants are subject to escrow restrictions.

In accordance with the terms of the option agreement, the Company paid the sum of \$3,500 and reimbursed other costs incurred by Minera Montana totaling \$236,954. The option agreement gives the Company the right to acquire the property interests presently held by Minera Montana upon payment of amounts due to the underlying property holder under the Jarvis Agreement described below. Minera Montana has agreed to assign all of its mineral property interests to a Mexican corporation to be formed which will be a wholly-owned subsidiary of the Company.

OREMEX RESOURCES INC.
NOTES TO THE FINANCIAL STATEMENTS
Six Months Ended May 31, 2006
(Unaudited)

4. MINERAL PROPERTY INTERESTS (continued)

Minera Montana has agreed to acquire the mineral exploration concessions under an Option agreement with the underlying property owner, dated July 20, 2000, as amended (the "Jarvis Agreement"). Under the terms of the Jarvis Agreement (subsequently amended on October 28, 2005), Minera Montana has the right to acquire the concessions by making payments totaling \$2,334,714 (US\$2,118,000), of which \$1,768,056 (US\$1,200,000) has been paid to July 24, 2006, on a tax-free basis. The remaining cash payments to Jarvis are due as follows:

July 20, 2006	\$396,835 (US\$360,000) (paid)
January 20, 2007	\$462,974 (US\$420,000)
July 20, 2007	\$548,955 (US\$498,000)

Payment on a "tax-free basis" means that Minera Montana is also obligated to pay the Mexican IVA tax and the Mexican ISR tax on behalf of Jarvis. The above payments schedule is inclusive of this tax liability. Minera Montana has the right to terminate the Jarvis Option Agreement on thirty days notice. The mineral exploration concessions which are 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 (note 12). Additional mineral concessions included in the balance of the Tejaman Silver Property and the San Lucas Silver Property are held by Minera Montana, and are included in the Minera Montana agreement for the Company, pursuant to the Option Agreement.

In order to maintain the options in good standing, the Company is required to pay property taxes on the mineral concessions to the Mexican Government in January and July of each year. During the six months ended May 31, 2006, the Company made payments of \$20,764 (Mexican Pesos ("MP") \$200,297). In the year ended November 30, 2005, total payment of \$39,252 (MP\$335,595) was made. The minimum annual exploration work that is required to maintain the mineral concessions under option, is approximately \$53,000 (MP\$475,000).

OREMEX RESOURCES INC.
NOTES TO THE FINANCIAL STATEMENTS
Six Months Ended May 31, 2006
(Unaudited)

5. SHARE CAPITAL

(a) **Common Shares**

Authorized:
Unlimited number of common shares, without par value

Issued and outstanding:

	Number of Shares	Amount
Balance, November 30, 2004 (audited)	25,578,992	\$ 8,665,735
Shares issued:		
Options exercised (i)	50,000	25,000
Private placement - units (ii)	1,470,000	764,400
Share issue costs	-	(36,400)
Transfer from contributed surplus (i)	-	11,313
Balance, November 30, 2005 (audited)	27,098,992	9,430,048
Shares issued:		
Options exercised (iii)	25,000	12,500
Private placement - units (iv)	9,333,333	7,000,000
Share issue costs	-	(558,552)
Transfer from contributed surplus (iii)	-	7,363
Balance, May 31, 2006 (unaudited)	36,457,325	\$ 15,891,359

- i. During the year ended November 30, 2005, the Company received \$25,000 from the exercise of 50,000 stock options at a price of \$0.50 per share. These stock options had a previously determined fair value of \$11,313, which has been allocated from contributed surplus to share capital.
- ii. On September 22, 2005, the Company closed a private placement for 1,400,000 units at a price of \$0.52 per unit for gross proceeds of \$764,400. Each unit comprises one common share and one-half of one common share purchase warrant. Each whole warrant entitles the holder to purchase one common share at a price of \$0.65 until March 20, 2007. The Company issued an additional 70,000 units as a finders' fee in connection with the financing.
- iii. During the six months ended May 31, 2006, the Company received \$12,500 from the exercise of 25,000 stock options at a price of \$0.50 per share. These stock options had a previously determined fair value of \$0.30 per option, which has been allocated from contributed surplus to share capital.

OREMEX RESOURCES INC.
 NOTES TO THE FINANCIAL STATEMENTS
 Six Months Ended May 31, 2006
 (Unaudited)

5. SHARE CAPITAL (continued)

(a) **Common Shares** (continued)

- iv. 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 for 18 months 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 CDN\$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. All securities are subject to a four-month hold period.

(b) **Stock Options**

The Company has a 10% rolling stock option plan whereby options granted may not exceed 10% of the total number of shares issued and outstanding of the Company from time to time on an undiluted basis. The exercise price of each option shall not be less than the fair market value in accordance with the policies of the TSX Exchange.

Changes to the balance of fully vested options as at the six months ended May 31, 2006 and the year ended November 30, 2005 are as follows:

	Shares	Weighted Average Exercise Price	Weighted Average Number of Years to Expiry
Options outstanding and exercisable at November 30, 2004 (audited)	1,435,000	\$ 0.62	3.55
Granted (i)	1,015,000	0.80	3.84
Exercised	(50,000)	0.50	-
Cancelled	(725,000)	0.63	-
Options outstanding and exercisable at November 30, 2005 (audited)	1,675,000	0.69	3.61
Granted (ii)	1,000,000	0.82	4.86
Exercised	(25,000)	0.50	-
Options outstanding and exercisable at May 31, 2006 (unaudited)	2,650,000	\$ 0.74	3.78

The Company granted stock options to various officers, directors and consultants of the Company:

- i. An aggregate of 1,015,000 options to purchase 715,000 common shares at a price of \$0.52 per share, 150,000 common shares at a price of \$0.63 per share and 150,000 common shares at a price of \$1.02 per share. All of the options issued vested during the year and are exercisable for a period of five years from the grant date.

OREMEX RESOURCES INC.
NOTES TO THE FINANCIAL STATEMENTS
Six Months Ended May 31, 2006
(Unaudited)

5. SHARE CAPITAL (continued)

(b) **Stock Options** (continued)

- ii. An aggregate of 1,000,000 options to purchase 225,000 common shares at a price of \$0.57 per share and 775,000 common shares at a price of \$0.89 per share. All of the options issued vested immediately and are exercisable for a period of five years from the grant date.

Option expiry dates are as follows:

Number	Exercise Price	Expiry
635,000	\$0.50	November 18, 2008
300,000	\$0.52	November 19, 2008
150,000	\$0.52	December 15, 2009
125,000	\$0.52	January 25, 2010
190,000	\$0.52	May 31, 2010
200,000	\$0.52	September 21, 2010
50,000	\$0.52	November 23, 2010
225,000	\$0.57	January 11, 2011
775,000	\$0.89	May 11, 2011
2,650,000		

(c) **Share Purchase Warrants**

For the six months ended May 31, 2006 and the year ended November 30, 2005, share purchase warrants were outstanding as follows:

	Warrants	Weighted Average Exercise Price	Weighted Average Number of Years to Expiry
Balance, November 30, 2004 (audited)	1,888,881	\$ 1.07	0.46
Issued (i)	735,000	0.65	1.50
Expired	(1,888,881)	1.07	-
Balance, November 30, 2005 (audited)	735,000	0.65	1.33
Issued (ii)	4,666,667	0.95	1.47
Expired	-	-	-
Balance, May 31, 2006 (unaudited)	5,401,667	\$ 0.91	1.38

OREMEX RESOURCES INC.
NOTES TO THE FINANCIAL STATEMENTS
Six Months Ended May 31, 2006
(Unaudited)

5. SHARE CAPITAL (continued)

(c) **Share Purchase Warrants** (continued)

- i. On September 22, 2005, the Company issued 700,000 warrants as part of a private placement of 1,400,000 units. Each unit comprises one common share and one-half of one common share purchase warrant. Each whole warrant entitles the holder to purchase one common share at a price of \$0.65 until March 20, 2007. The Company issued an additional 35,000 warrants, as part of a finders' fee of 70,000 units, in connection with the financing.
- ii. On May 19, 2006, the Company issued 4,666,667 warrants as part of a private placement for 9,333,333 units, with each unit consisting of one common share and one-half of one transferable warrant. Each whole warrant entitling the holder to purchase one common share for 18 months 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 CDN\$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. All securities are subject to a four-month hold period.

(d) **Escrow Shares**

As at May 31, 2006, 990,000 shares (November 30, 2005 – 1,980,000) were held in escrow subject to trading restrictions. The release date for the 990,000 shares is November 18, 2006.

6. CONTRIBUTED SURPLUS

During the six months ended May 31, 2006 and the year ended November 30, 2005, the Company executed a number of 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:

Balance, November 30, 2004 (audited)	\$ 1,516,552
Stock-based compensation expense during the year ended November 31, 2005 (a)	327,847
Reallocation of stock-based compensation expense recognized previously pursuant to exercise of 50,000 stock options	(11,313)
Balance, November 30, 2005 (audited)	1,833,086
Stock-based compensation expense during the six months ended May 31, 2006 (b)	388,627
Additional stock-based compensation recognized upon repricing of options (c)	63,209
Reallocation of stock-based compensation expense recognized previously pursuant to exercise of 25,000 stock options	(7,363)
Balance, May 31, 2006 (unaudited)	<u>\$ 2,277,559</u>

OREMEX RESOURCES INC.
NOTES TO THE FINANCIAL STATEMENTS
Six Months Ended May 31, 2006
(Unaudited)

6. CONTRIBUTED SURPLUS (continued)

- (a) The Company recorded stock-based compensation expense of \$327,847 on the 225,000 stock options granted to directors, officers and consultants of the Company during the year ended November 30, 2005.
- (b) For the six months ended May 31, 2006, the Company recorded stock-based compensation expense of \$67,886 with respect to 225,000 stock options granted and \$320,741 with respect to 775,000 stock options granted. 1,000,000 stock options were granted to directors and officers of the Company.
- (c) During the prior fiscal year, 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. A modification to an outstanding share based award that results in an improvement to the award requires the incremental fair value increase to be measured and recorded as additional stock-based compensation in the period of modification. 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.

Option pricing models require the input of highly subjective assumptions including the expected price volatility. Changes in the subjective input assumptions can materially affect the fair value estimate, and therefore the existing models do not necessarily provide a reliable single measure of the fair value of the Company's stock options. 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:

	<u>2006</u>	<u>2005</u>
Risk free interest rate	3.80 – 4.10%	2.84 - 3.75%
Volatility	85 - 89%	84 - 89%
Expected life of options	2.5 yrs	2.5 yrs
Dividend rate	0%	0%

OREMEX RESOURCES INC.
NOTES TO THE FINANCIAL STATEMENTS
Six Months Ended May 31, 2006
(Unaudited)

7. RELATED PARTY TRANSACTIONS

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

	Six Months Ended May 31 2006 (unaudited)	Six Months Ended May 31 2005 (unaudited)
Stock-based compensation (note 6)	\$ 390,714	\$ 51,493
Consulting fees (note 8)	12,952	112,149
Deferred mineral property exploration:		
Drilling payments (a)	38,930	745,809
Geological consulting, field supplies, transportation, and labour (a)	328,321	142,032
Acquisition payments and assays (a)	328,714	392,793
Geological consulting, travel and field supplies (b)	61,032	93,761
	\$ 1,160,663	\$ 1,538,037

On November 16, 2005, the Company passed a resolution to compensate committee members. The resolution was subsequently updated on May 11, 2006. Director compensation totaled \$42,500 (May 31, 2005 – \$12,960).

- (a) Funds for the budgeted mineral property exploration program in Mexico were advanced to Minera Montana S. de R.L. de C.V. (“Minera Montana”), a company controlled by a director and officer of the Company. Minera Montana was contracted to provide and manage the exploration program conducted in Mexico (See Schedule of Mineral Property Interests). Amounts paid to third parties by Minera Montana were reimbursed at cost. Charges paid by Minera Montana for equipment rentals and drilling services that were provided by a company controlled by two directors of Oremex were charged at market rates.
- (b) Amounts paid or payable to a corporation controlled by a director and officer of the Company relating to the property exploration programs, primarily the Tejamen project (see Schedule of Mineral Property Interests). Management and geological consulting fees of US\$5,400 per month for March and April and US\$9,000 for May were charged for site and project management. The travel amount includes reimbursement charges for the use of a private plane piloted by the director.

In accounts payable and accrued liabilities at May 31, 2006, is \$49,384 (May 31, 2005 - \$nil) due to a company controlled by a director and \$1,310 due to a director (May 31, 2005 - \$nil).

OREMEX RESOURCES INC.
NOTES TO THE FINANCIAL STATEMENTS
Six Months Ended May 31, 2006
(Unaudited)

8. 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 subsequently 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.
- (b) 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 \$9,346 per month for an initial term of one period and renewed annually until rescinded. On May 31, 2005, this contract was subsequently amended to \$4,673 per month. On November 16, 2005, a decision was made to allow the contract to lapse effective November 30, 2005.
- (c) On November 30, 2003, the Company entered into an agreement for the provision of management and administrative services from a company controlled by an officer and director. Compensation under the agreement was \$9,346 per month for an initial term of one period and renewed annually until rescinded. On May 31, 2005, this contract was subsequently amended to \$4,673 per month. On November 16, 2005, a decision was made to allow the contract to lapse effective November 30, 2005.
- (d) On November 30, 2003, the Company retained the services of a chief geologist principally for its Mexican exploration programs. The agreement provides for compensation of US\$6,000 per month over the initial term of one period and renewed until rescinded. The contract with the geologist has since been amended; his services have been retained as a consultant without fixed remuneration.
- (e) On May 31, 2005, the Company entered into an agreement for the provision of management services by a senior officer. Compensation under the agreement is \$5,000 per month for the initial term of three months and renewed quarterly until rescinded. On November 16, 2005, this contract was renewed for a further eighteen months.
- (f) On December 20, 2005 the Company entered into an agreement for the provision of management services by a senior officer. Compensation under the agreement was \$5,500 per month. The management services agreement was cancelled February 15, 2006. Under the agreement, 225,000 share purchase options were granted that are exercisable at a price of \$0.57 per share for a period of up to five years.

9. SUPPLEMENTARY CASH FLOW INFORMATION

The Company paid no interest or income taxes during the periods.

OREMEX RESOURCES INC.
NOTES TO THE FINANCIAL STATEMENTS
Six Months Ended May 31, 2006
(Unaudited)

10. SEGMENTED INFORMATION

The Company operates in a single industry segment. Assets by geographic location are as follows:

	May 31 2006 (unaudited)	November 30 2005 (audited)
Mexico	\$ 7,429,672	\$ 6,672,677
Canada	6,537,485	1,165,849
	<u>\$ 13,967,157</u>	<u>\$ 7,838,526</u>

11. CONTINGENCY

In the normal course of conducting the exploration programs in Mexico the Company provides funding to Minera Montana (note 7) as advances against costs and charges. By agreement Minera Montana is to apply for recovery of IVA (value added) taxes that it pays in Mexico. Upon recovery the amount of the IVA is to be credited to the Company against future exploration expenditures.

Minera Montana is in the process of filing its IVA claims. As at May 31, 2006, the amount of the claim is estimated by management at up to \$534,000. This amount is reflected as exploration advances in the Company's mineral property interests.

As there is uncertainty over the amount that is recoverable, the estimate has not been recorded as a prepaid amount or an amount receivable.

Once quantified and recovery is reasonably assured such amount will be credited against exploration costs. Management is not able at this time to determine the actual recoverable amount or the outcome of this claim.

12. SUBSEQUENT EVENTS

- (a) On June 6, 2006, the Company, Minera Montana, Canasil Resources Inc. ("Canasil", TSXV: CLZ) and its wholly owned subsidiary Minera Canasil S.A. de C.V., have signed a letter of agreement granting Canasil the right to acquire 100% interest in the Mezquital silver-zinc-lead claims, in which the Company and Minera Montana have an option to earn a 100% interest.

The purchase agreement requires Canasil to issue 650,000 common shares and 75,000 share purchase warrants to the Company, upon approval of the agreement by the TSX Venture Exchange and transfer of the claim titles, as full payment for 100% interest in the Mezquital claims. Each warrant will entitle the Company to acquire one common share of Canasil at a price of \$0.50 within 12 months of the approval of the final agreement by the TSX Venture Exchange.

OREMEX RESOURCES INC.
NOTES TO THE FINANCIAL STATEMENTS
Six Months Ended May 31, 2006
(Unaudited)

12. SUBSEQUENT EVENTS (continued)

- (b) On June 15, 2006, the Company announced the completion of the sale to First Majestic Resource Corp. ("Majestic", TSXV: FR) of its interest in two mining claims, referred to as La Parilla, located in the State of Durango, Mexico. In accordance with the terms of the agreement, the Company has received \$40,000 and 200,000 common shares of Majestic.

OREMEX RESOURCES INC.
Management's Discussion & Analysis
For the Second Quarter Ended May 31, 2006

EFFECTIVE DATE

This Management's Discussion and Analysis ("MD&A") is an overview of the activities of Oremex Resources Inc. ("the Company") for the three month period (quarter) ended May 31, 2006 and incorporates certain information from the prior three fiscal years. This MD&A should be read in conjunction with the Company's unaudited financial statements of the Company for the six months ended May 31, 2006 and the audited financial statements for the year ended November 30, 2005. These financial statements have been prepared in accordance with Canadian generally accepted accounting principles ("GAAP"). All dollar amounts referred to in this discussion and analysis are expressed in Canadian dollars except where indicated otherwise. The effective date of this Management's Discussion and Analysis is July 24, 2006. This MD&A contains statements that constitute "forward-looking statements and other cautionary notices (Refer to "Forward Looking Statements and Estimates" in this MD&A).

OVERALL PERFORMANCE

The Company is an active exploration and development company with its prime focus on the acquisition and development of metaliferous mineral deposits in Mexico. The Company's immediate focus is the exploration and development of its silver and other metal resources at its properties located in the States of Durango, Sinaloa, Sonora and Zacatecas, Mexico

Since November 2003 the Company has made significant progress towards these stated goals. Through an agreement with Minera Montana S. de R.L. de C.V. ("Montana"), Oremex obtained the right to acquire five properties in the State of Durango and one property in the State of Zacatecas. In addition the Company has acquired one property in the State of Sinaloa and one property in the State of Sonora.

During the quarter, the Company's strategic focus was upon three initiatives:

1. In January 2006 the Company engaged Wardrop Engineering Inc. ("Wardrop") to complete a Technical Report in the format set out in National Instrument ("NI") 43-101 on the Company's Tejaman property. The Wardrop report is based upon 217 rotary percussion reverse circulation drill holes (36,000 meters of drilling). The results of the Wardrop report were released on April 10, 2006 and are discussed below. The Company is now undertaking a diamond and reverse circulation drilling program to further delineate the resource. This program commenced on June 15, 2006.
2. On April 27, 2006 the Company announced a private placement consisting of 9,333,333 units (the "Units") at \$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 (a "Warrant"), each whole Warrant entitling the holder to purchase one common share (a "Share") for 18 months at \$0.95 per share. The Warrants are subject to

OREMEX RESOURCES INC.
Management's Discussion & Analysis
For the Second Quarter Ended May 31, 2006

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 CDN\$2.00 or higher for twenty (20) 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. All securities are subject to a four month hold period. The placement was completed on May 19, 2006. The funds will be used primarily for further in-fill, expansion and diamond drilling work and a preliminary assessment study on the Tejamen property, for further drilling and related exploration work on the San Lucas property and for property acquisitions in Mexico.

3. The Company continued with the metallurgical testing on samples from the Tejamen property. The final results from this first series of tests, which indicated excellent expected recoveries, were reported on May 25, 2006.

RESULTS OF OPERATIONS

TEJAMEN, DURANGO

Tejamen is the Company's most advanced project. This property is located about 140 km by road northwest of Durango, the capital of the State of Durango. It consists of 22 claims covering approximately 1,682 hectares. Access is via 125 kilometers of paved highway from Durango to Nuevo Ideal and via 15 kilometers of good gravel road from Nuevo Ideal to Tejamen.

Drilling began at Tejamen in December, 2003 and by the end of fiscal year 2005 the Company had completed a total of 217 reverse circulation drill holes totaling approximately 36,000 meters on this project. The Wardrop report shows that "Inferred Mineral Resources" amount to 22.6 million tonnes at a grade of 66.9 gpt silver and 0.05 gpt gold. Contained ounces for the deposits were calculated to be just over 50 million ounces of silver equivalent (about 97% of the contained metal value is silver). A cutoff grade of 20 gpt (0.64 opt) silver equivalent was used for this calculation.

Six samples were compiled and submitted for metallurgical testing by McClelland Labs Inc. of Sparks, Nevada. The selected samples represent a composite of test material along with one sample from one of the higher-grade drill holes. Final results of the small column testing have been received (News release dated May 25, 2006). The average of the two columns was 78% over 106 days of leaching for one of the columns and 162 days of leaching for the other. These results are considered excellent for silver because of the kinetics of silver leaching.

The Company is extremely pleased with these results since the testing indicates the material is amenable to normal processing using heap leaching technology. While there were no indications of metallurgical problems in the bottle roll testing, due to the small column and the 'forced' leaching environment from the small columns, the final reagent consumption was higher than anticipated. We expect the reagent consumption data

OREMEX RESOURCES INC.
Management's Discussion & Analysis
For the Second Quarter Ended May 31, 2006

generated in the bottle roll testing to be more representative of what to expect in an actual heap leach operation.

It is expected that the next phase of testing will be the collection of larger samples of "fresh" material. The Company has undertaken a diamond drilling program, commencing effective June 15, 2006 to collect "fresh" samples.

SAN LUCAS, DURANGO

San Lucas is located about 86 kilometers north of the city of Durango, in the municipality of San Juan del Rio. It consists of 18 claims totaling approximately 1,033 hectares. Access is via paved highway to San Lucas.

San Lucas consists of a northeast trending mineralized shear zone traceable along strike for about 3,000 meters in volcanic rocks. During the fiscal year 2005 the Company drilled 19 reverse circulation drill holes totaling approximately 3,000 meters along and across the mineralized zone. These drill holes were spaced approximately 100 meters apart along the northeast striking structure. The results from this program indicate a large disseminated zinc, lead, silver and gold system. The mineralization is traced along a strike length of about 1,700 meters with widths up to 70 meters. The mineralization is open along strike and to depth. A surface mapping and sampling program has been conducted to delineate areas for further drilling. The Company has not performed any field work at San Lucas during this quarter. A second phase of reverse circulation drilling will be conducted in the third quarter of fiscal 2006. .

LA PARILLA, DURANGO

As at May 31, 2006 the Company held two claims in the La Parilla District. La Parilla is located 52 kilometers east-southeast of the city of Durango, in the Municipality of Nombre de Dios. These claims total approximately 25 hectares. The Company has not performed any field work at La Parilla during this quarter.

The Company was approached by First Majestic Resource Corp. ("Majestic") regarding the purchase of both of the La Parilla claims. During the third quarter of 2005, the Company reached an agreement for the sale and the transaction was approved by the TSX-Venture Exchange subject to the required Mexican registration of title. Mexican registration was completed effectively June 15, 2006. (Refer to the Subsequent Events note (ii) in this MD&A and the news release dated June 15, 2006). In accordance with the terms of the agreement the Company has received \$40,000 and 200,000 common shares of Majestic. The carrying value of the La Parilla claim group at May 31, 2006 was \$28,356 (2005 - \$19,618). The Company anticipates realizing a gain from this sale of approximately \$850,000 based upon the closing price of Majestic at June 15, 2006.

EL SOL, DURANGO

The Company holds one claim in this area. The property is located 73 kilometers northeast of the city of Durango, in the Municipality of Guadalupe, Victoria. The claim amounts to approximately 63 hectares. The Company has not performed any field work

OREMEX RESOURCES INC.
Management's Discussion & Analysis
For the Second Quarter Ended May 31, 2006

at El Sol during this quarter. This is a high grade silver-lead-zinc system that has seen production in the past.

MEZQUITAL, DURANGO

The Company holds three claims in the Mezquital District. Mezquital is located 63 kilometers southeast of the city of Durango, in the Municipality of Mezquital. The claims total approximately 142 hectares. The Company has not performed any field work at Mezquital during this quarter. During this quarter the Company was approached by Canasil Resources Inc. ("Canasil") regarding the purchase of these claims. On June 6, 2006 a purchase agreement was signed whereby Canasil will issue to the Company 650,000 commons shares and 75,000 share purchase warrants. Each warrant will entitle the Company to acquire one common share of Canasil at a price of \$0.50 within twelve months of the approval of the final agreement by the TSX Venture Exchange. (Refer to the Subsequent Events note (i) contained within this MD&A and the news release dated June 6, 2006).

CHALCHIHUITES, ZACATECAS

The Company holds four claims of approximately 48 hectares in the northern portion of the Chalchihuites, Zacatecas District. Chalchihuites is located 100 kilometers southeast of the City of Durango and 100 kilometers northwest of Fresnillo, Zacatecas. The Company has not performed any field work at Chalchihuites during this quarter. This property which is located on the northern end of the Chalchihuites silver producing district is a veined-manto system that in the past has produced high grade silver-lead-zinc.

MACO, SINALOA

The Maco claim is located near San Blas, Sinaloa. The claim covers a large area of prospective gold/copper porphyry mineralization and is comprised of a total of 5,000 hectares. During the first quarter of fiscal 2006, rock chip sampling of a copper-stained cliff was undertaken. The results are encouraging and further work is planned in the third quarter of fiscal 2006. The Company has not performed any field work at Maco during this quarter.

NAVIDAD, SONORA

The Navidad claim is located in the Municipality of Cucurpe, Sonora in northern Mexico. Prior information indicates the area is prospective for disseminated gold. The claim is in the area of the Santa Gertrudis heap-leach operation that was once operated by Campbell Resources Inc. The Company is conducting preliminary surface work and is in contact with other claim owners in the area regarding possible joint ventures.

FINANCIAL SUMMARY

For the three months ended May 31, 2006 the Company incurred a loss of \$581,000 or \$0.02 per share. This compares to a loss for the three months ended May 31, 2005, of \$245,000 or \$0.01 per share. Administrative expenses, exclusive of the non cash stock-

OREMEX RESOURCES INC.
Management's Discussion & Analysis
For the Second Quarter Ended May 31, 2006

based compensation component, have decreased by \$39,000 in a period to period comparison. The reason for this decrease is that the previously reported cost reduction initiatives that the Company undertook during the 2005 fiscal quarter continue to be in effect in this quarter.

With respect to specific expense categories in the second quarter of the 2006 fiscal year when compared to the second quarter of the 2005 fiscal year, consulting fees decreased as the result of 2005 cost reduction initiatives. As identified in previous MD&As, the Company reduced consulting fees paid to management effective June 1, 2005. In a period over period comparison Director fees increased as the board was expanded in order to provide more expertise to the Company, essential board committees were reconstituted and the Company increased the fees paid to Board members in recognition for their efforts. In the second quarter of 2006, the Company did not incur any costs for outside investor relations consultants while the Company refocused its strategy on the Tejaman project. In the same quarter of 2005, an external consultant was employed. Office expenses increased as costs were incurred in moving to more appropriate premises. Rent costs increased since the Company moved from smaller shared premises to its new location effective the commencement of the second quarter of 2006. The shareholder communication cost increase in 2006 was directly related to the private placement. Non cash stock-based compensation expenses increased by \$343,000 when compared to the 2005 comparable period. This is the result of granting more vested options in this quarter of 2006 than in the comparable previous quarter and the repricing of the options that were approved at the 2006 Annual General Meeting. Interest income for this quarter has declined by \$6,000 from 2005. During the second quarter of 2005 the surplus cash balances were higher and the interest earned was correspondingly higher. The loss on sale of assets was caused by the sale of some assets necessitated by the move.

OREMEX RESOURCES INC.
Management's Discussion & Analysis
For the Second Quarter Ended May 31, 2006

SELECTED ANNUAL INFORMATION

The following selected financial information is taken from the audited annual financial statements of Oremex for 2005, 2004 and 2003. 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.

Selected Financial Information (Audited)	Nov. 30, 2005	Nov. 30, 2004	Nov. 30, 2003
a) Total Revenues	Nil	Nil	Nil
b) Loss before discontinued operations and extraordinary items	\$ (1,012,000)	\$ (998,000)	\$ (933,000)
c) Basic and diluted loss per share	\$ (0.04)	\$ (0.05)	\$ (0.26)
d) Net loss for the year	\$ (1,012,000)	\$ (998,000)	\$ (933,000)
e) Basic and diluted loss per-share	\$ (0.04)	\$ (0.05)	\$ (0.26)
f) Total assets	\$ 7,839,000	\$ 7,756,000	\$ 3,863,000
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 evolution of the Company from acquiring the mineral properties and going public in fiscal 2003 through to the sustaining of two years of exploration work, primarily on the Tejaman property, to May 31, 2006. There have been no revenues from operations to the date of this report. The increase of total assets year over year reflects the increasing capitalization of the exploration program costs which were partially offset by the declining cash balances used to fund this program.

OREMEX RESOURCES INC.
Management's Discussion & Analysis
For the Second Quarter Ended May 31, 2006

SUMMARY OF QUARTERLY RESULTS

The Company is a mineral exploration company. It has no revenues from its operations and no ongoing mining operations. In order to sustain the exploration programs, the Company raises capital primarily through the sale of common shares. Minor amounts of interest income are generated from the investment of surplus cash reserves. The effect of applying the treasury stock method to the Company's loss per share calculations is anti-dilutive. Therefore, basic and diluted losses per share are equal for the quarters presented.

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	Loss per share
	(Unaudited)	(Unaudited)	(Basic and fully diluted) (Unaudited)
May 31, 2006	Nil	\$581,000	\$0.02
Feb. 28, 2006	Nil	\$211,000	\$0.01
Nov. 30, 2005	Nil	\$298,000	\$0.01
Aug. 31, 2005	Nil	\$256,000	\$0.01
May 31, 2005	Nil	\$245,000	\$0.01
Feb. 28, 2005	Nil	\$213,000	\$0.01
Nov. 30, 2004	Nil	\$234,000	\$0.01
Aug. 31, 2004	Nil	\$186,000	\$0.01

The amount of the Company's administrative expenses is related to the level of financing and exploration programs that are undertaken. The magnitude of these expenses is a direct function of general financial market conditions as well as recent exploration achievements and prospects. Consequently, relative levels of expenditures may not be predictable, and observable trends may not be meaningful. The losses are caused by the commencement and continuation of the exploration programs with no related revenues. The large loss in the May 31, 2006 quarter is caused primarily by increased non cash stock-based compensation expenses. These are related to the issuance of share purchase options to directors and an officer in the quarter and to the repricing of previously granted share purchase options. (Refer to "Transactions With Related Parties" in this MD&A.).

CAPITAL RESOURCES AND LIQUIDITY

As at May 31, 2006 the Company's working capital was \$6,397,000 of which included \$6,406,000 in cash and cash equivalents. Management is of the opinion these financial resources are sufficient in order to fund its ongoing level of corporate activities, mineral exploration, preliminary assessment and required resource property commitments for the

OREMEX RESOURCES INC.
Management's Discussion & Analysis
For the Second Quarter Ended May 31, 2006

next twelve months. The Company's cash needs are not exact projections and may change due to future circumstances. For example, the exploration program may change due to the receipt of positive results or the Company may acquire additional properties. In the event of any changes the Company would 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.

OFF-BALANCE SHEET ARRANGEMENTS

As at May 31, 2006 and up to the date of this report the Company had no off balance sheet arrangements.

TRANSACTIONS WITH RELATED PARTIES

Funds for the budgeted mineral property exploration program in Mexico were advanced to Minera Montana S. de R.L. de C.V. ("Montana"), a company controlled by a director and officer of the Company. Montana was contracted to provide and manage the exploration programs conducted in Mexico. Amounts paid to third parties by Montana were reimbursed at cost. Charges for equipment rentals and drilling services provided by a company controlled by two directors were charged at current market rates.

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. Compensation under the agreement was US\$9,000 per month. On May 31, 2005 this contract was modified to an amount of US\$5,400 per month. On November 16, 2005, this contract was renewed for a further six months. On May 11, 2006 this contract was modified to an amount of US\$9,000 per month.

On November 16, 2005, 765,000 stock purchase options that had been granted to certain officers and directors were repriced to \$0.52 per share from exercise prices ranging between \$0.80 and \$1.02 per share. The repricing was approved by the shareholders at the Annual General Meeting on May 11, 2006.

On May 11, 2006, the Company granted 775,000 stock purchase options under the incentive stock option plan to directors and an officer of the Company. The options are exercisable at a price of \$0.89 per share for a period of five years.

ACTUAL AND PROPOSED TRANSACTIONS

In the normal course of business, the Company evaluates mineral properties for potential acquisitions or disposals which, in some instances, result in proposals being made to the Board. As at the Effective Date, the sale of the Mezquital claims is pending and the sale

OREMEX RESOURCES INC.
Management's Discussion & Analysis
For the Second Quarter Ended May 31, 2006

of the La Parilla claims was been completed. (Refer to "Subsequent Events" in this MD&A).

CHANGES IN ACCOUNTING POLICIES INCLUDING INITIAL ADOPTION

During the quarter ended May 31, 2006, and subsequent up to the date of this report the Company has not instituted any change in its accounting policies.

FINANCIAL INSTRUMENTS AND OTHER INSTRUMENTS

The Company's financial instruments consist of cash and equivalents, amounts receivable, accounts payable, and amounts due to related parties. The fair value of these instruments approximates their carrying value due to their short-term maturity. The fair value of amounts due to related parties is not determinable as the amounts do not have any repayment terms.

Cash equivalents include money market based investments and term deposits 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.

INCENTIVE SHARE OPTION PLAN

The Board of Directors adopted a new stock option plan in compliance with the rules of the TSX Venture Exchange under which the Company may grant share purchase options up to 10% of the issued and outstanding common shares or such greater number as may be approved from time to time by the shareholders of the Company.

OUTSTANDING SHARE DATA

The Company is authorized to issue an unlimited number of common shares without par value. As at May 31, 2006 the Company had 36,457,325 common shares issued and outstanding (Refer to Note 5 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 36,457,325 shares outstanding. As at May 31, 2006 and to the date of this report, the Company had 2,650,000 share purchase options outstanding at various exercise prices and maturing at various future dates. As at May 31, 2006 and to the date of this report, the Company had 5,401,667 share purchase warrants outstanding with each warrant exercisable at various prices and maturing at various future dates (Refer to Note: 5 of the financial statements). On a fully diluted basis, if all of these options and warrants were exercised, a total of 44,508,992 shares would be issued and outstanding.

OREMEX RESOURCES INC.
Management's Discussion & Analysis
For the Second Quarter Ended May 31, 2006

INVESTOR RELATIONS

The Company does not currently engage the services of any individuals to provide investor relations services. It is management's intention to engage professional advisors to assist with investor relations once a final strategy has been approved by Board.

SUBSEQUENT EVENTS

- i) On June 6, 2006, the Company, Minera Montana, Canasil and its wholly owned subsidiary Minera Canasil S.A. de C.V., have signed a letter of agreement granting Canasil the right to acquire 100% interest in the Mezquital silver-zinc-lead claims, in which the Company and Minera Montana have an option to earn a 100% interest.

The purchase agreement requires Canasil to issue 650,000 common shares and 75,000 share purchase warrants to the Company, upon approval of the agreement by the TSX Venture Exchange and transfer of the claim titles, as full payment for 100% interest in the Mezquital claims. Each warrant will entitle the Company to acquire one common share of Canasil at a price of \$0.50 within 12 months of the approval of the final agreement by the TSX Venture Exchange.

- ii) On June 15, 2006, the Company announced the completion of the sale to "Majestic" of its interest in two mining claims, referred to as La Parilla, located in the State of Durango, Mexico. In accordance with the terms of the agreement, the Company has received \$40,000 and 200,000 common shares of Majestic.

RISKS AND UNCERTAINTIES

By its very 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 variations 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.

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 has a known body of commercial ore and the Company has no mineral reserves.

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.

OREMEX RESOURCES INC.
Management's Discussion & Analysis
For the Second Quarter Ended May 31, 2006

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. As of the effective date, management is not aware of any impediment to its rights to the ownership to these properties.

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 upon future profitable production.

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 and the timing and results of a Preliminary Assessment (Scoping study). 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, current expectations at that date 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, of the assumptions made and of the judgments used in the engineering and of the geological interpretations, 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.

OREMEX RESOURCES INC.
Management's Discussion & Analysis
For the Second Quarter Ended May 31, 2006

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 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 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 Governance Committee consists of three unrelated outside directors. The role of the Governance Committee is to monitor the effectiveness of the Board of Directors and of the Board Committees.

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 July 25, 2006, the Board of Directors of the Company approved the unaudited financial statements of the Company for the six months ended May 31, 2006 and the disclosure contained within this MD&A.