(Expressed in Canadian Dollars)

BC FORM 51-901F

ANNUAL REPORT

Incorporated as part of: **Schedule A**
X **Schedule C**

ISSUER DETAILS:

Name of Issuer	**ORKO SILVER CORP.**
For Quarter Ended	October 31, 2006
Date of Report	February 28, 2007
Issuer Address	2610 – 1066 West Hastings Street Vancouver, BC V6E 3X2
Issuer Fax Number	(604) 684-4601
Issuer Telephone Number	(604) 684-4691
Contact Name	Gary Cope
Contact Position	President
Contact Telephone Number	(604) 684-4691
Contact Email Address	N/A
Web Site Address	N/A

CERTIFICATE

THE TWO SCHEDULES REQUIRED TO COMPLETE THIS REPORT ARE ATTACHED AND THE DISCLOSURE CONTAINED THEREIN HAS BEEN APPROVED BY THE BOARD OF DIRECTORS. A COPY OF THIS REPORT WILL BE PROVIDED TO ANY SHAREHOLDER UPON REQUEST.

Gary Cope	*"Gary Cope"*	2007/02/28
Name of Director	*Sign (typed)*	Date Signed (YY/MM/DD)

Ross Wilmot	*"Ross Wilmot"*	2007/02/28
Name of Director	*Sign (typed)*	Date Signed (YY/MM/DD)

SCHEDULE C: MANAGEMENT DISCUSSION AND ANALYSIS FOR THE YEARS ENDED OCTOBER 31, 2006 AND 2005

(Dated February 28, 2007)

Management's Responsibility for Financial Reporting

The accompanying financial statements have been prepared by management and are in accordance with Canadian Generally Accepted Accounting Principles. Other information contained in this document has also been prepared by management and is consistent with the data contained in the financial statements. Management maintains a system of disclosure controls and procedures designed to provide reasonable assurance that the assets are safeguarded and the financial and other factual information contained herein is accurate and reliable. Further, management has evaluated these controls and procedures and determined that they are appropriate and effective, and have so certified. In the current year, there has been no change in the Company's internal control over financial reporting that has materially affected, or is likely to materially affect, the Company's internal control over financial reporting.

The Board of Directors approves the financial statements and ensures that management has discharged its financial responsibilities. The Board's review is accomplished principally through the Audit Committee, which meets periodically to review all financial reports, prior to filing.

Certain statements in this report may constitute forward-looking statements that are subject to risks and uncertainties. A number of important factors could cause actual outcomes and results to differ materially from those expressed in these forward-looking statements. Consequently, readers should not place any undue reliance on such forward-looking statements. In addition, these forward-looking statements relate to the date on which they were made. See Notes to the Financial Statements regarding going concern, commitments, contingencies, legal matters, environmental matters and other matters, which could materially affect the Company's future business, results of operations, financial position and liquidity.

Description of Business

On December 1, 2003, the Company entered into a joint venture with Minas Sanluis S.A. de C.V., a subsidiary of Wheaton River Minerals Ltd. (now Goldcorp Inc.), with Luismin, S.A. de C.V., and with Minera Thesalia, S.A. de C.V. to acquire an interest in the La Preciosa gold/silver project located in the State of Durango, Mexico. Under the terms of the agreement, Orko earns a 51 per cent interest in the project by incurring exploration and development expenditures of US$1 million over the next five years. The Company also issued 50,000 common shares to Minas Sanluis upon TSX Venture Exchange approval and a further 50,000 common shares were to be issued 12 months following the acceptance date. However, on March 3, 2006, the Company announced that it had reached an agreement with Goldcorp Inc. to acquire 100 per cent ownership of the La Preciosa Project. Pursuant to this new agreement, the Company is to acquire the remaining 25 per cent interest in La Preciosa from Goldcorp for consideration of US $1 Million to be satisfied by issuing to Luismin S.A. de C.V. (a subsidiary of Goldcorp) common shares of Orko at a deemed price of CDN $0.48 per share. In June 2006, the Company issued 2,378,750 shares to Luismin S.A. de C.V. and acquired 100% of the La Preciosa property.

The La Preciosa property hosts tertiary-aged gold and silver bearing epithermal quartz vein systems, associated with barite and minor quantities of base metals. The vein trend is principally north/south, although there are subordinate, mineralized vein systems that run in an east/west direction. These east/west veins typically average 2.5 meters in width and yield higher gold values. The La Preciosa claims cover over 1,300 hectares and are located about an hour and a half from Durango, Durango State, Mexico.

On June 21, 2004, the Company announced that it had acquired an option for a 51 per cent participation in a second property from Wheaton (now Goldcorp Inc.) through its subsidiary, Minas de Sanluis S.A. de C.V. The terms of this second option are similar to those of the first with Wheaton on the La Preciosa property. The Company is required to make expenditures of US$1 million over the next five years and to issue 100,000 common shares, the first 50,000 shares upon acceptance by the TSX Venture Exchange and the remaining 50,000 shares after one year from the date of approval. The property, termed “Santa Monica”, covers 16,000 hectares and is located in the Municipality of Panuco de Coronado, Durango State, Mexico, and is adjacent to the La Preciosa property. On February 8, 2007, the Company issued the second tranche of 50,000 common shares to Luismin S.A. de C.V.

In January 2005, the Company had retained a geophysics contractor to conduct an IP survey on the La Preciosa property. During the second quarter, the survey was completed and a number of targets were identified. In February 2005, management signed an agreement with Major Drilling de Mexico, S.A. de C.V. to undertake a drilling program, initially estimated at approximately 5,000 metres. In May, based on the results to that point, the Company extended the program for an additional 5,000 metres, and engaged a second drill capable of greater depths. The results of this extension were very encouraging, and the Company was able to release an Inferred Resource Estimate indicating an in-situ resource of approximately 22.3 million ounces of Silver – Equivalent, based on the assay results from 18 of its first 24 holes completed.

The Company has continued the drilling program and at this time, has completed the third, fourth and fifth phases, and subsequent to the year-end, continues to drill the property. The Company has now released assay results for 66 holes, and has been able to extend the strike length to 2.5 km. to date. At the site, two new core shacks have been constructed and a new road access route to southern targets completed. To date, a total of 114 holes have been drilled, representing 41,768 metres, and approximately 2,510 metres have been drilled of the sixth phase, mainly on Luz Elena targets. Of the 114 holes completed to date, assay results for only the first 38 holes were included in an updated Inferred Resource Estimate reported in September 2006 for an in-situ resource of approximately 28.7 million ounces of Silver – Equivalent.

On the Santa Monica property, an initial work program has been completed at this time, including mapping of the Mesa de los Panuquenos area, together with rock float sampling. Initial results from the sampling have been received and reported and management has contracted for an IP survey to be conducted shortly over the sample area in the northeast and northwest sectors of the property.

On April 25, 2006 the Company had announced that it had signed an Option Agreement with Silver Standard Resources Inc. to acquire a 75 per cent interest in its “San Juan” property located in the state of Durango, Mexico. The San Juan property is immediately adjacent to the west of the Company’s La Preciosa property and Santa Monica Joint Venture. Under the terms of the Option Agreement, Orko Silver can earn a 75 per cent interest in the San Juan property from Silver Standard Mexico S.A. de C.V. (a wholly owned subsidiary of Silver Standard Resources Inc.) by incurring exploration expenditures of US $750,000 over a three year period, and by issuing 40,000 common shares to Silver Standard upon acceptance of filing of the Option Agreement by the TSX Venture Exchange. Orko Silver has committed to incur exploration expenditures of not less than US $250,000 within the first year of the Option Agreement. In addition, upon exercising its option to earn a 75 per cent interest in the San Juan property, Silver Standard has a "Back-in Right" to increase its interest by 10 per cent, to a 35 per cent total interest in the Joint Venture by incurring the next US $750,000 in expenditures on the property. On May 16, 2006 the Company issued 40,000 common shares to Silver Standard as per the terms of the agreement for acquiring the 75 per cent interest in the San Juan property, and reconnaissance prospecting has commenced. In addition, an ASTER alteration satellite imagery study for the San Juan property has been completed and mapping is scheduled for the spring of 2007.

Results of Operations for the Years Ended October 31, 2006 and 2005:

In 2006, the Company incurred significantly higher exploration costs of $4,703,598, of which $4,672,911 were on its La Preciosa property, as compared to $1,793,762 incurred in 2005. The Company also incurred initial exploration costs of $30,687 on the Santa Monica whereas no costs were incurred on this property in 2005. Of these costs incurred, drilling costs for the period aggregated $3,469,693, geological costs were $208,100, site costs were $725,589 and general exploration costs totaled $300,216.

In 2006, the Company incurred significantly higher general expenses than incurred in 2005. The higher costs reflect management's increased support of the exploration work this year and costs associated with both increasing investor awareness of the Company's progress and the completion of three financings in the year required to fund the ongoing drilling program.

For the year, investor relations costs of $450,027 and travel costs of $663,853 were significantly higher than those for 2005 of $177,262 and $141,063 respectively. The higher costs resulted from the necessary travel both overseas as part of the financing efforts and to the Company's properties. Other costs were higher generally. Management fees rose 76 per cent to $191,800 in 2006 from $109,100 incurred in 2005, and office, rent and communications also rose significantly in 2006 over the prior year level due to increases in staff support required. Also, the Company recorded a non-cash charge of $750,165 to earnings representing the imputed value of stock options granted to directors, officers and consultants, significantly higher than the charge recorded in 2005 of $136,650. Other items include higher interest expense of $53,007 due to the cost, amounting to $45,000, of 100,000 bonus shares granted to a lender for a bridge loan, necessary to sustain the drilling program until the equity funding could be completed in the second quarter. To offset the higher costs to some degree, the Company sold all of its shares in Soho Resources Corp. and recorded a gain of $48,124, and earned interest of $114,522 on its short-term deposits.

Overall, the Company incurred a loss of $7,065,743 or $0.13 per share for the year, whereas in 2005, the loss was $2,608,215 or $0.11 per share. The dramatic increase is again attributable to the significantly higher exploration and financing activity this year, and the impact of the imputed expense of the stock options granted by the Company.

(Expressed in Canadian Dollars)

Statement of Mining and Exploration Expenditures for the Period Ended October 31, 2006

MINING PROPERTIES		**LA PRECIOSA**		**SANTA MONICA**		**SAN JUAN**		**TOTAL**
Balance, October 31, 2005	$	21,000	$	21,000	$	-	$	42,000
Additions in the year:		1,213,163		-		32,000		1,245,163
Balance, October 31, 2006	$	1,234,163	$	21,000	$	32,000	$	1,287,163

EXPLORATION EXPENDITURES YEAR-TO-DATE		**LA PRECIOSA**		**SANTA MONICA**		**SAN JUAN**		**TOTAL**
Drilling	$	3,469,693	$	-	$	-	$	3,469,693
Geological		208,100		-		-		208,100
Geophysical		-		-		-		-
Site costs		699,719		25,870		-		725,589
General exploration		295,399		4,817		-		300,216
Total Expenditures for the year	$	4,672,911	$	30,687	$	-	$	4,703,598

EXPLORATION EXPENDITURES TOTAL TO DATE		**LA PRECIOSA**		**SANTA MONICA**		**SAN JUAN**		**TOTAL**
Drilling	$	4,775,895	$	-	$	-	$	4,775,895
Geological		408,559		-		-		408,559
Geophysical		96,712		-		-		96,712
Site costs		866,623		25,870		-		892,493
General exploration		359,638		4,817		-		364,455
Total Expenditures to date	$	6,507,427	$	30,687	$	-	$	6,538,114

(Expressed in Canadian Dollars)

Selected annual financial information:

	For the year ended October 31, 2006	For the year ended October 31, 2005 (Restated)	For the year ended October 31, 2004 (Restated)
Total revenues	Nil	Nil	Nil
Loss before discontinued operations and extraordinary items:			
(i) total for the year	7,065,743	2,608,215	512,973
(ii) per share	0.13	0.11	0.03
(iii) per share fully diluted	0.13	0.11	0.03
Net loss:			
(i) total for the year	7,065,743	2,608,215	512,973
(ii) per share	0.13	0.11	0.03
(iii) per share fully diluted	0.13	0.11	0.03
Total assets	4,624,252	308,590	64,756
Total long-term financial liabilities	Nil	Nil	Nil
Cash dividends declared per-share	Nil	Nil	Nil

The loss for 2006 includes approximately $4.7 million in drilling and other exploration costs incurred on the La Preciosa property. The loss also includes $750,165 in stock-based compensation for options granted in 2006 and prior years.

The loss for 2005 includes approximately $1.8 million in drilling and other exploration costs incurred on the La Preciosa property. The 2005 loss also includes $136,650 in stock-based compensation for options granted in 2005 and prior years.

The loss for 2004 includes the write-off of the Red Lake property costs of approximately $66,000 incurred in 2003 following the Company's decision not to proceed with further work on the property and recorded in the first quarter of the year. In the following quarters, only costs to sustain the Company were incurred, but in the fourth quarter, costs rose reflecting the initial geophysical work on the La Preciosa property. In 2003, the loss was comparable to that of 2004 coincidentally as the drilling costs incurred on the Red Lake property amounting to approximately $270,000 were included, together with the sustaining costs for the year.

(Expressed in Canadian Dollars)

Selected quarterly financial information:

	4th Quarter Ended October 31, 2006	3rd Quarter Ended July 31, 2006	2nd Quarter Ended April 30, 2006	1st Quarter Ended January 31, 2006
(a) Revenue	Nil	Nil	Nil	Nil
(b) Loss for period	1,981,940	2,088,310	1,892,052	1,103,441
(c) Loss per share	0.03	0.04	0.04	0.03
	4th Quarter Ended October 31, 2005	**3rd Quarter Ended July 31, 2005**	**2nd Quarter Ended April 30, 2005**	**1st Quarter Ended January 31, 2005**
(a) Revenue	Nil	Nil	Nil	Nil
(b) Loss for period	931,547	986,201	555,994	134,473
(c) Loss per share	0.04	0.04	0.02	0.01
	4th Quarter Ended October 31, 2004	**3rd Quarter Ended July 31, 2004**	**2nd Quarter Ended April 30, 2004**	**1st Quarter Ended January 31, 2004**
(a) Revenue	Nil	Nil	Nil	Nil
(b) Loss for period	178,976	73,218	96,742	164,037
(c) Loss per share	0.006	0.004	0.005	0.01

The fourth quarter loss of $1,981,940 includes exploration costs of $1,562,319, primarily drilling of $1,102,335 on the La Preciosa property. The operating costs for the quarter were $491,042.

The third quarter loss of $2,088,310 includes exploration costs of $1,246,936, primarily drilling of $940,026 on the La Preciosa property. The operating costs of $852,868 reflect the costs associated with the high level of financing activity by the Company in the quarter.

The second quarter loss of $1,892,052 includes exploration costs of $989,350, primarily drilling of $740,781 on the La Preciosa property. The operating costs of $913,294 reflect the costs associated with the high level of financing activity by the Company in the quarter.

The loss for the first quarter of $1,103,441 includes exploration costs of $904,993, primarily drilling of $686,551 on the La Preciosa property. The operating costs of $247,439 for the quarter reflect the higher activity level of the Company over the comparable quarter in the prior year, but are in line with the last quarter of fiscal 2005.

The losses for the last seven quarters have risen significantly due to the costs associated with exploration and drilling on the La Preciosa property. The loss in the fourth quarter of 2005 includes a $136,650 charge for stock-based compensation for issuances of options granted in the quarter and prior periods. In the first quarter of 2005, exploration expenditures were lower, yielding a smaller operating loss.

During 2004, the losses in the second and third quarters reflect the corporate sustaining costs, while the loss was higher in the first quarter due to the write-off of the Red Lake property, and in the fourth quarter, due to the initial exploration work and costs associated with financing completed in the first quarter of 2005.

(Expressed in Canadian Dollars)

Capital Stock:

Authorized: 100,000,000 Common shares without par value.

	Number of Shares	Amount $
Balance, October 31, 2004	19,558,384	4,429,559
Issued during the year		
For cash		
Private placements, net of share issue costs	7,450,000	1,513,585
Exercise of options	690,000	72,600
Exercise of warrants	6,620,000	668,000
For services		
Finders' fees for private placements	603,685	131,915
For property		
Issued for La Preciosa property	50,000	21,000
Issued for Santa Monica property	50,000	21,000
Transferred from contributed surplus		
Exercise of options	–	30,500
Balance at October 31, 2005	35,022,069	6,888,159
Issued during the year		
For cash		
Private placements, net of share issuance costs	24,065,902	4,595,815
Exercise of options	215,000	48,200
Exercise of agent's options	333,425	100,028
Exercise of warrants	2,199,150	521,560
For services		
Finders' fees for private placements	957,000	556,041
For property		
Issued for La Preciosa property, net of share issuance costs	2,378,750	1,206,521
Issued for San Juan property	40,000	32,000
For interest expense	100,000	45,000
Transferred from contributed surplus:		
Exercise of options	–	26,150
Exercise of agent's options	–	96,393
Exercise of warrants	–	56,960
Balance at October 31, 2006	65,311,296	14,172,827

(Expressed in Canadian Dollars)

Share capital activity subsequent to October 31, 2006 is presented below:

Balance at October 31, 2006	65,311,296	14,172,827
Issued during the year		
For cash		
Exercise of options	50,000	12,750
Exercise of agent's options	346,575	103,973
Exercise of warrants	11,148,032	4,463,037
For property		
Issued for Santa Monica property	50,000	29,000
Transferred from contributed surplus:		
Exercise of options	–	6,950
Exercise of agent's options	–	100,195
Exercise of warrants	–	1,188,468
Balance at February 16, 2007	76,905,903	20,077,200

Warrants:

Warrant activity since October 31, 2004 is presented below:

	Number of Shares		Purchase Price per Share
Outstanding, October 31, 2004	6,700,000	$	0.10
Issued	5,249,343		0.23
Exercised	(6,620,000)		0.10
Outstanding, October 31, 2005	5,329,343		0.23
Issued	22,871,327		0.48
Exercised	(2,199,150)		0.24
Outstanding, October 31, 2006	26,001,520		0.45
Exercised	(11,148,032)		0.40
Outstanding, February 16, 2007	15,200,063		0.49

The following table summarizes the warrants outstanding at October 31, 2006 and February 16, 2007:

Number of Shares October 31, 2006	February 16, 2007	Exercise Price	Issue Date	Expiry Date
1,195,000	1,195,000	0.20	March 14, 2005	March 14, 2007
2,401,000	2,401,000	0.30	August 17, 2005	August 17, 2007
112,343	112,343	0.35	August 17, 2005	August 17, 2007
10,447,382	-	0.40	February 3, 2006	February 3, 2007
9,031,520	9,011,520	0.50	March 2, 2006	September 2, 2007
2,485,000	2,480,200	0.78	May 23, 2006	May 23, 2008
25,672,245	15,200,063			

(Expressed in Canadian Dollars)

Options:

In 2003, the Company adopted a rolling stock option plan to grant options to directors, officers, employees, dependent contractors and consultants of the Company. Under the plan, the Board has the discretion to issue the equivalent of up to 10% of the issued and outstanding shares of the Company from time to time.

Stock option activity since October 31, 2004 is presented below:

	Number of Shares	Weighted Average Exercise Price
Outstanding, October 31, 2004	1,855,000	$0.12
Granted	1,865,000	0.35
Exercised	(690,000)	0.11
Outstanding, October 31, 2005	3,030,000	0.26
Granted	4,210,000	0.54
Exercised	(215,000)	0.22
Cancelled	(550,000)	0.55
Expired	(260,000)	0.22
Outstanding, October 31, 2006	6,215,000	0.45
Granted	325,000	0.57
Exercised	(50,000)	0.26
Outstanding, February 16, 2007	6,490,000	0.46

The following table summarizes the stock options outstanding at October 31, 2006 and February 16, 2007:

Number of Shares				
October 31, 2006	February 16, 2007	Exercise Price	Issue Date	Expiry Date
865,000	840,000	0.11	October 21, 2003	October 21, 2008
75,000	75,000	0.13	November 30, 2004	November 30, 2009
100,000	100,000	0.25	January 28, 2005	January 28, 2010
25,000	25,000	0.30	April 11, 2005	April 7, 2007
50,000	50,000	0.24	April 22, 2005	April 22, 2007
175,000	150,000	0.40	June 16, 2005	June 16, 2007
200,000	200,000	0.54	August 30, 2005	August 30, 2007
1,065,000	1,065,000	0.45	September 21, 2005	September 21, 2007
1,910,000	1,910,000	0.55	March 3, 2006	March 3, 2011
300,000	300,000	0.47	March 23, 2006	March 23, 2011
1,450,000	1,450,000	0.55	September 11, 2006	September 11, 2007
-	25,000	0.49	November 1, 2006	November 1, 2011
-	300,000	0.58	February 6, 2007	February 6, 2012
6,215,000	6,490,000			

(Expressed in Canadian Dollars)

Agents Options:

During the year ended October 31, 2006, the Company issued 680,000 agent options to purchase 680,000 units in connection with the financing described in note 5(b)(i). Agent option activity since December 31, 2004 is presented below:

	Number of Units		Exercise Price per Unit
Outstanding, October 31, 2004 and 2005	–		–
Granted	680,000	$	0.30
Exercised	(333,425)		0.30
Outstanding, October 31, 2006	346,575		0.30
Exercised	(346,575)		0.30
Outstanding, February 16, 2007	–		–

Agent options outstanding at October 31, 2006 expired on February 3, 2007.

Agent warrants:

During the year ended October 31, 2006, the Company issued 346,575 agent warrants that may be exercised to purchase 346,575 common shares in connection with the financing described in note 5(b)(i). Agent warrant activity since October 31, 2004 is presented below:

	Number of Shares		Purchase Price per Share
Outstanding, October 31, 2004 and 2005	–		–
Granted	333,425	$	0.40
Exercised	(4,150)		0.40
Outstanding, October 31, 2006	329,275		0.40
Granted	346,575	$	0.40
Exercised	(675,850)		0.40
Outstanding, February 16, 2007	–		–

Agent warrants outstanding at October 31, 2006 expired on February 3, 2007.

Shares in Escrow:

Nil.

Financial Position:

The Company's financial position strengthened significantly from the opening level of $229,647 at the beginning of the year to the period end level of $3,215,748 comprised of cash on hand of $215,748 and $3,000,000 in short-term investments. The increase primarily reflects the completion of three private placements during year, undertaken to support the continuing drilling program and other exploration work on the Company's properties as well as to sustain the Company's general operations.

The Company had initiated a funding program in late 2005, and on February 3, 2006, the Company issued 10,667,332 units at $0.30 per unit for gross proceeds of $3,200,200 under brokered and non-brokered private placements. Each unit consists of one common share and one share purchase warrant. Each share purchase warrant entitles the holder thereof to purchase one additional common share for 12 months from the date of closing at a price of $0.40 per common share. Values of $2,160,580 and $1,039,620 were assigned to the common shares and warrants, respectively, based on their relative fair values at the closing date of the private placements. In connection with the private placement, the Company issued 354,050 units as a commission with terms similar to those issued under the brokered and non-brokered private placements. Values of $180,566 and $86,884 were assigned to the common shares and warrants, respectively, based on their fair values at the closing date of the private placements. The Company issued 680,000 options to acquire 680,000 units at a price of $0.30 per unit for a period of 12 months from the date of closing as a commission. The units have the same terms as those issued under the brokered and non-brokered private placements. These agent options were assigned a fair value of $363,485. The Company paid cash commissions of $168,828 and incurred other cash share issuance costs of $49,057. The fair values of the agent options and warrants issued in connection with this private placement were computed using the Black-Scholes option-pricing model.

On March 2, 2006, the Company issued 8,798,570 units at $0.35 per unit for gross proceeds of $3,079,500 under a non-brokered private placement. Each unit consists of one common share and one share purchase warrant. Each share purchase warrant entitles the holder thereof to purchase one additional common share for 18 months from the date of closing at a price of $0.50 per common share. Values of $2,080,181 and $999,319 were assigned to the common shares and warrants, respectively, based on their relative fair values at the closing date of the private placement. In connection with the private placement, the Company issued 232,950 units as a commission with terms similar to those issued under the brokered and non-brokered private placements. Values of $116,475 and $55,955 were assigned to the common shares and warrants, respectively, based on their fair values at the closing date of the private placements. The Company paid cash commissions of $226,475 and incurred other cash share issuance costs of $26,697. The fair values of the warrants issued in connection with this private placement were computed using the Black-Scholes option-pricing model.

On May 23, 2006, the Company issued 4,600,000 units at $0.59 per unit for gross proceeds of $2,714,000 under a non-brokered private placement. Each unit consists of one common share and one-half share purchase warrant. Each whole share purchase warrant entitles the holder thereof to purchase one additional common share for 24 months from the date of closing at a price of $0.78 per common share. Values of $2,160,214 and $553,786 were assigned to the common shares and warrants, respectively, based on their relative fair values at the closing date of the private placement. In connection with the private placement, the Company issued 370,000 units as a commission with terms similar to those issued under the brokered and non-brokered private placements. Values of $259,000 and $66,397 were assigned to the common shares and warrants, respectively, based on their fair values at the closing date of the private placements. The Company paid cash commissions of $155,197 and incurred other cash share issuance costs of $26,792. The fair values of the warrants issued in connection with this private placement were computed using the Black-Scholes option-pricing model.

In January 2006, to maintain the pace of the drilling program, the Company had arranged a bridge loan in the amount of $300,000 with interest payable at 12 per cent per annum. In consideration of advancing the bridge financing, the Company agreed to issue 100,000 bonus common shares to the lender. The market value was $45,000 on the date of issue, and as reported above, this cost was included in interest expense in the first quarter of this year. Following the completion of the placements, the Company was able to retire this bridge loan and paid $305,020, which reflected the full principal of $300,000 and $5,020 in accrued interest.

(Expressed in Canadian Dollars)

Additional funding was received during the year from the exercise of options and warrants. The Company issued 215,000 shares on the exercise of options receiving proceeds of $48,200, issued 333,425 agent's units on the exercise of agent's options receiving proceeds of $100,028, and issued 2,199,150 shares from the exercise of warrants for proceeds of $521,560.

The loss in 2006 of $7,065,743, after adjustments for non-cash items and changes in non-cash working capital, amounted to a $6,035,699 cash requirement. Office equipment purchases in 2006 amounted to an additional draw on cash of $17,210. This was offset by the sale of marketable securities for proceeds of $58,563. During the year, the Company purchased $4,000,000 of 1-year Variable Rate GICs, earning interest at a rate of prime minus 1.9 per cent. The certificates may be redeemed in whole or in part prior to maturity without penalty although the rate of interest on the outstanding balance may be reduced for the remaining term. The Company redeemed $1,000,000 during the year.

In summary, the aggregate net cash inflows from financing activities this year, which totaled $8,987,089 funded the adjusted cash operating loss for the period of $6,035,699 and cash of $3,215,748, comprised of cash on hand of $215,748 and $3,000,000 in short-term investments, remained at year end available to fund the Company's ongoing drilling program and more advanced exploration of Santa Monica and San Juan.

Furthermore, subsequent to the year-end, the Company's outstanding agent options and warrants were fully exercised and together with additional exercises of other warrants and options outstanding, the Company received additional cash proceeds of $4,579,760.

Commitments:

Pursuant to the terms of the option agreement, the Company has expenditure commitments on the Santa Monica property, and must issue 50,000 common shares for the property following one year from the date of approval. These shares were issued to the optionor on February 9, 2007. The Company must incur exploration expenditures to earn its working interest on both the Santa Monica and San Juan properties. The timetables for the required expenditures are as follows:

	Santa Monica (US$)	**San Juan (US$)**
Year 1	75,000	250,000
Year 2	100,000	-
Year 3	125,000	500,000
Year 4	250,000	-
Year 5	450,000	-

At October 31, 2006, the Company had not incurred the prescribed level of expenditures on the Santa Monica property. However, Goldcorp had acknowledged the Company's focus on La Preciosa and its commitment of funds to this exploratory work, and has accepted the Company's commitment to meet the required expenditures on the Santa Monica property in the near term. As reported above, the Company is active on the property and has completed mapping the Mesa de los Panuquenos area and extensive rock float sampling.

On April 25, 2006 the Company had announced that it had signed an Option Agreement with Silver Standard Resources Inc. to acquire a 75 per cent interest in the San Juan Property located in the state of Durango, Mexico. The San Juan Property is immediately adjacent to the west of the Company's La Preciosa Project and Santa Monica Joint Venture. Under the terms of the Option Agreement, Orko Silver can earn a 75 per cent interest in the San Juan Property from Silver Standard Mexico S.A. de C.V. (a wholly owned subsidiary of Silver Standard Resources Inc.) by incurring exploration expenditures of US $750,000 over a three year period and by issuing 40,000 common shares to Silver Standard upon acceptance of filing of the Option Agreement by the

TSX Venture Exchange. Orko Silver has committed to incur exploration expenditures of not less than US $250,000 within the first year of the Option Agreement. In addition, upon exercising its option to earn a 75 per cent interest in the San Juan Property, the agreement provides that Orko Silver grant Silver Standard a "Back-in Right" to increase its interest by 10 per cent, to a 35 per cent total interest in the Joint Venture by incurring the next US $750,000 in expenditures on the property. On May 16, 2006, the Company issued 40,000 common shares, valued at $32,000, to Silver Standard as per the terms of the agreement for acquiring the 75 per cent interest in the San Juan property.

In summary, management believes it has adequate working capital to meet its short-term obligations and plans on all properties but anticipates that additional working capital will be required and will be met by additional placements of its common shares with investors.

Related Party Transactions:

As at October 31, 2006, due to related parties consists of $5,106 (2005 – $3,585) payable to an officer of the Company for management fees and $160,699 (2005 – $nil) payable to a company controlled by a director of the Company for exploration expenditures. These amounts are non-interest bearing, unsecured and have no fixed terms of repayment.

As at October 31, 2005, due from related parties consists of $1,350 advanced to an officer of the Company for travel expenses to be incurred on behalf of the Company and $11,915 advanced to a company controlled by a director of the Company for exploration expenditures to be incurred on behalf of the Company. These amounts were non-interest bearing, unsecured and had no fixed terms of repayment.

During the year ended October 31, 2006 the Company entered into the following transactions with related parties. A company controlled by a director of the Company incurred $1,022,893 (2005 – $228,635) in exploration expenditures on behalf of the Company. An officer and companies controlled by officers of the Company earned management fees of $191,800 (2005 – $109,100). Officers and a company controlled by an officer of the Company incurred $116,623 (2005 – $65,216) of travel expenses on behalf of the Company.

All of the above noted transactions have been in the normal course of operations and are recorded at their exchange amounts, which is the consideration agreed upon by the related parties.

Investor Relations:

On May 11, 2006, the Company announced that pursuant to an agreement dated May 1, 2006, it had retained Meridian Capital International Ltd. ("Meridian") of Vancouver, British Columbia to provide corporate finance advisory services to the Company. The agreement is on a month to month basis and may be terminated by either party on not less than 30 days written notice. Meridian is an investment banking and corporate advisory firm and will be providing Orko with corporate finance advice, assisting in capital raising activities, identifying and assisting with potential joint ventures, acquisitions and strategic alliances and with public awareness campaigns.

Changes in Accounting Policies (Including Initial Adoption):

None.

Subsequent Events:

On November 1, 2006, the Company granted 25,000 options to a consultant at an exercise price of $0.49 per share expiring November 1, 2011.

On November 2, 2006, the Company modified the expiry date of 75,000 stock options from November 30, 2006 to November 30, 2009.

On January 26, 2007, the Company modified the expiry of 100,000 stock options from January 28, 2007 to January 28, 2010.

On February 6, 2007, the Company granted 300,000 options to consultants at an exercise price of $0.58 per share expiring February 6, 2012.

On February 8, 2007, the Company issued 50,000 common shares to Luismin S.A de C.V. pursuant to the terms of the agreement for the Santa Monica property.

From November 1, 2006 to February 16, 2007, 11,544,607 common shares were issued pursuant to the exercise of options, warrants, and agent options for gross proceeds of $4,579,760.

Additional information:

Additional information relating to the Company may be accessed on the System for Electronic Document Analysis and Retrieval (SEDAR) at www.sedar.com.