ORKO SILVER CORP.
(An Exploration Stage Company)
ANNUAL REPORT TO SHAREHOLDERS
FOR THE YEARS ENDED OCTOBER 31, 2007 AND 2006
(Expressed in Canadian Dollars)

MANAGEMENT DISCUSSION AND ANALYSIS FOR THE YEARS ENDED OCTOBER 31, 2007 AND 2006

(Dated February 13, 2008)

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

La Preciosa Property:

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 acquired the remaining 25 per cent interest in La Preciosa from Goldcorp for consideration of US $1 Million, 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. Veins have been traced for over 5 km along strike with thicknesses of over 20 metres encountered in drill intercepts. The La Preciosa claims cover over 1,300 hectares and are located about an hour and a half from Durango, Durango State, Mexico.

Description of Business (continued)

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 2005, 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 completed several phases of the drilling program on the La Preciosa property and subsequent to the year-end, continues to drill the property. The Company has released assay results for 146 holes, and has been able to extend the strike length to 3.5 km in the resource area to date, and has added a major new vein deeper in the stratigraphy, named the “Martha” vein. At the site, four core shacks have been constructed and a new road access route to southern targets completed. To date, a total of 173 holes have been drilled for over 85,000 metres and of these, assay results for only the first 120 holes were included in an updated “Inferred Resource Estimate – IV” reported in October 2007 for an in-situ resource of approximately 73.1 million ounces of Silver – Equivalent.

Santa Monica Property:

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.

On the Santa Monica property, an initial work program has been completed at this time, including mapping of the Mesa de los Panuqueños area, together with sampling of 706 rock float samples and 1,920 soil samples. Initial results from the sampling have been received and reported. An IP geophysical survey, which commenced in March 2007, has completed 212 line-kilometres over the sample area in the northeast sector of the property. The Company plans to initiate a 10,000 metre drilling program for the first phase of the Santa Monica project in the near future.

Description of Business (continued)

San Juan 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. In addition, satisfying the option expenditure requirement to earn the 75 per cent interest in the San Juan property, the agreement provides that the Company 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 to Silver Standard as per the terms of the agreement for acquiring the 75 per cent interest in the San Juan property.

An ASTER alteration satellite imagery study for the San Juan property was initially completed and mapping has commenced in the southeast of the San Juan property, extending the strike length of the Nancy Sur, La Plomosa, El Vaquero and the La Plomosa Sur structures. In addition, an expanded soil geochemical survey of the property is ongoing.

In late 2007, the Company initiated a 10,000 metre drilling program for the first phase of the San Juan project, targeted for La Plomosa and El Vaquero veins. Eight drill holes have been completed in the La Plomosa target area for over 3,500 metres and the Company is awaiting assay results.

Results of Operations for the Three Months Ended October 31, 2007 and 2006:

During the fourth quarter, the Company incurred exploration expenses amounting to $2,288,534, which were 46 per cent higher than the $1,562,318 incurred in fiscal 2007. The increase was due to the higher level of exploration activities undertaken in the current year. The current year costs were incurred primarily on the La Preciosa property.

General operating costs totalled $1,424,444 for the fourth quarter, which were 281 per cent higher than those incurred in the fourth quarter of the prior year of $506,982. The increase was almost entirely due to a $701,559 charge the Company recorded to reflect the imputed non-cash cost of stock options granted to directors, officers, staff and consultants. In the comparable quarter of 2006, the cost was only $5,765. Other administrative costs were in line with those of the prior year.

Overall, the loss in the fourth quarter of fiscal 2007 amounted to $3,585,319 or $0.04 per share, which is significantly higher than the loss for the fourth quarter of 2006 of $1,981,940 or $0.03 per share.

Results of Operations for the Years Ended October 31, 2007 and 2006:

In the current year, the Company incurred significantly higher exploration costs of $7,878,309 compared to $4,703,598 incurred last year. These costs were incurred primarily on the La Preciosa property with the current year costs on this property amounting to $6,774,635 compared to $4,672,911 in the prior year. The Company also incurred initial exploration costs of $425,730 on the Santa Monica property and $677,943 on the San Juan property. Of the exploration costs incurred, drilling costs for the period aggregated $5,095,193, geological costs were $485,798, geophysical costs were $117,083, assay costs were $1,091,445, site costs were $782,049 and general exploration costs totaled $306,741.

In 2007, the Company also incurred significantly higher general expenses of $4,774,524 than were incurred last year of $2,454,643. The higher costs reflect management's costs associated with increasing investor awareness of the Company's progress to date, and the impact of the recorded non-cash cost of stock-based compensation for grants of options to directors, officers, consultants and staff.

Investor relations costs of $551,197 were 22 per cent higher and travel costs of $774,918 were 17 per cent higher than those last year of $450,027 and $663,853 respectively. The higher costs resulted from the necessary travel both overseas as part of the investor relations efforts and for travel to the Company's properties. Management fees of $243,600 and office costs of $168,581 rose in connection with the Company's increased operational presence in Mexico, up from $191,800 and $106,814 respectively in the prior year. Similarly, the overall higher level of activity and increased presence in Mexico resulted in higher professional fees of $116,587, up from $61,683 in 2006. Rent charges of $59,864 were almost double the amount incurred in 2006 of $32,000, due to renewal of lease terms and an increase in office space requirements. Also, the Company recorded a non-cash charge of $2,631,156 to earnings representing the imputed value of stock options granted to directors, officers and consultants, compared to a charge of $750,165 recorded last year. Consulting fees decreased 47 per cent to $58,614 from $110,579 incurred last year when the Company was actively raising financing for its projects.

Overall, in 2007 the Company incurred a loss of $12,432,590 or $0.15 per share whereas the loss last year was $7,065,743 or $0.13 per share. The dramatic increase is attributable primarily to the significantly higher exploration costs and the impact of the higher stock-based compensation expense.

ORKO SILVER CORP.
(An Exploration Stage Company)
ANNUAL REPORT TO SHAREHOLDERS
FOR THE YEARS ENDED OCTOBER 31, 2007 AND 2006
(Expressed in Canadian Dollars)

Statement of Mining and Exploration Expenditures for the Year Ended October 31, 2007

MINING PROPERTIES	LA PRECIOSA	SANTA MONICA	SAN JUAN	TOTAL
Balance, October 31, 2006	$ 1,234,163	$ 21,000	$ 32,000	$ 1,287,163
Additions in the period:	-	29,000	-	29,000
Balance, October 31, 2007	$ 1,234,163	$ 50,000	$ 32,000	$ 1,316,163

EXPLORATION EXPENDITURES YEAR ENDED OCTOBER 31, 2007	LA PRECIOSA	SANTA MONICA	SAN JUAN	TOTAL
Drilling	$ 4,706,470	$ -	$ 388,723	$ 5,095,193
Geological	324,838	86,576	74,383	485,798
Geophysical	-	106,740	10,343	117,083
Assay	1,014,494	15,872	61,079	1,091,445
Site costs	565,592	117,722	98,735	782,049
General exploration	163,241	98,820	44,680	306,741
Total expenditures for the year	$ 6,774,635	$ 425,730	$ 677,943	$ 7,878,309

EXPLORATION EXPENDITURES TOTAL TO DATE	LA PRECIOSA	SANTA MONICA	SAN JUAN	TOTAL
Drilling	$ 9,482,635	$ -	$ 388,723	$ 9,871,088
Geological	733,398	86,576	74,383	894,357
Geophysical	96,712	106,740	10,343	213,795
Assay	1,280,373	15,872	61,079	1,357,324
Site costs	1,432,215	143,592	98,735	1,674,542
General exploration	257,000	103,637	44,680	405,317
Total expenditures to date	$ 13,282,063	$ 456,417	$ 677,943	$ 14,416,423

ORKO SILVER CORP.
(An Exploration Stage Company)
ANNUAL REPORT TO SHAREHOLDERS
FOR THE YEARS ENDED OCTOBER 31, 2007 AND 2006
(Expressed in Canadian Dollars)

Selected annual financial information:

		For the year ended October 31, 2007	For the year ended October 31, 2006	For the year ended October 31, 2005 (Restated)
Total revenues		Nil	Nil	Nil
Loss before discontinued operations and extraordinary items:				
(i)	total for the year	12,432,590	7,065,743	2,608,215
(ii)	per share	0.15	0.13	0.11
(iii)	per share fully diluted	0.15	0.13	0.11
Net loss:				
(i)	total for the year	12,432,590	7,065,743	2,608,215
(ii)	per share	0.15	0.13	0.11
(iii)	per share fully diluted	0.15	0.13	0.11
Total assets		10,364,538	4,624,252	308,590
Total long-term financial liabilities		Nil	Nil	Nil
Cash dividends declared per-share		Nil	Nil	Nil

The loss for 2007 includes approximately $7.9 million in drilling and other exploration costs incurred primarily on the La Preciosa property. The loss also includes $2,631,156 in stock-based compensation for options granted in 2007 and prior years.

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.

(Expressed in Canadian Dollars)

Selected quarterly financial information:

	4th Quarter Ended October 31, 2007	**3rd Quarter Ended July 31, 2007**	**2nd Quarter Ended April 30, 2007**	**1st Quarter Ended January 31, 2007**
(a) Revenue	Nil	Nil	Nil	Nil
(b) Loss for period	3,585,319	3,026,578	3,742,498	2,078,195
(c) Loss per share	0.04	0.04	0.05	0.03
	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

During 2007 drilling and other exploration costs increased throughout the year, from $1.4 million in the first quarter to $2.3 million in the fourth quarter, as the Company contracted a third and then a fourth drill rig and also expanded its drill program to the San Juan property. For all four quarters of 2007, a major component of general operating expenses was the charge for stock-based compensation recorded to reflect the computed value of stock options that vested in the year, which fluctuated between $0.2 and $1.1 million over the quarters. Other operating expenses were fairly consistent throughout the year and averaged $0.5 million.

During 2006 drilling and other exploration costs increased throughout the year, from $0.9 million in the first quarter to $1.6 million in the fourth quarter, as the Company continued drilling on the La Preciosa property and incurred increasing assay costs. For the second and third quarters of 2006, a major component of general operating expenses was the charge for stock-based compensation recorded to reflect the computed value of stock options that vested in the periods, which amounted to $0.4 million for each of these quarters. Stock-based compensation was negligible in the first and fourth quarters. After increasing from $0.2 million in the first quarter, other operating expenses were fairly consistent for the last three quarters of the year, averaging $0.5 million per quarter as the Company completed three private placements.

During 2005 the Company initiated drilling on the La Preciosa property. Accordingly, exploration costs increased throughout the year, from a negligible amount in the first quarter to $0.7 million in the fourth quarter. For the fourth quarter, the Company recorded a charge of $0.1 million for stock-based compensation recorded to reflect the computed value of stock options that vested in the quarter. Stock-based compensation was negligible in the first three quarters. After increasing from $0.1 million in the first quarter, other operating expenses were fairly consistent for the last three quarters of the year, averaging $0.2 million per quarter as the Company began actively exploring the La Preciosa property.

(Expressed in Canadian Dollars)

Capital Stock:

Authorized: An unlimited number of Common shares without par value.

	Number of Shares	Amount $
Balance, October 31, 2005	35,022,069	6,888,159
Issued during the year		
For cash		
Private placements, net of share issue 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	2,378,750	1,206,521
Issued for Santa Monica 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
Issued during the period		
For cash		
Private placements, net of share issue costs	3,943,000	2,495,296
Exercise of options	2,220,000	1,069,950
Exercise of agent's options	346,575	103,973
Exercise of warrants	24,927,407	10,793,836
For property		
Issued for Santa Monica property	50,000	29,000
Transferred from contributed surplus:		
Exercise of options	–	526,262
Exercise of agent's options	–	100,221
Exercise of warrants	–	2,556,107
Balance at October 31, 2007	96,798,278	31,847,472
Issued during the period		
For cash		
Exercise of options	535,000	245,450
Exercise of warrants	181,875	154,375
Transferred from contributed surplus:		
Exercise of options	–	226,364
Exercise of warrants	–	44,000
Balance at February 13, 2008	97,515,153	32,517,661

(Expressed in Canadian Dollars)

Warrants:

Warrant activity since October 31, 2005 is presented below:

	Number of Shares	Weighted Average Exercise Price $
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
Issued	2,318,075	0.91
Exercised	(24,927,407)	0.43
Outstanding, October 31, 2007	3,392,188	0.91
Exercised	(181,875)	0.85
Outstanding, February 13, 2008	3,210,313	0.91

Warrants outstanding at October 31, 2007 had expiry dates between August 17, 2007 and May 23, 2008.

The following table summarizes the warrants outstanding at October 31, 2007 and February 13, 2008:

Number of Shares October 31, 2007	Number of Shares February 13, 2008	Exercise Price $	Issue Date	Expiry Date
1,420,688	1,295,688	0.78	May 23, 2006	May 23, 2008
1,971,500	1,914,625	1.00	August 24, 2007	August 24, 2009
3,392,188	3,210,313			

(Expressed in Canadian Dollars)

Options:

On March 8, 2007, the Company adopted a 20 per cent Fixed Plan, which was subsequently approved by shareholders at its Annual General Meeting of Shareholders 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 15,517,180 shares of the Company.

On January 21, 2008, the Company amended the 20 per cent Fixed Plan, subject to approval by shareholders at its Annual General Meeting of Shareholders to be held in March 2008. Under the plan, the Board has the discretion to issue the equivalent of up to 19,438,030 shares of the Company.

Stock option activity since October 31, 2005 is presented below:

	Number of Shares	Weighted Average Exercise Price $
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	9,375,000	0.80
Exercised	(2,220,000)	0.48
Outstanding, October 31, 2007	13,370,000	0.69
Granted	150,000	1.52
Exercised	(535,000)	0.46
Outstanding, February 13, 2008	12,985,000	0.71

(Expressed in Canadian Dollars)

Options:

The following table summarizes the stock options outstanding and exercisable at October 31, 2007 and February 13, 2008:

Number of Shares				
October 31, 2007	February 13, 2008	Exercise Price $	Issue Date	Expiry Date
840,000	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	–	0.63	April 1, 2005	April 1, 2010
50,000	50,000	0.63	April 22, 2005	April 22, 2010
1,310,000	1,310,000	0.55	March 3, 2006	March 3, 2011
200,000	200,000	0.47	March 23, 2006	March 23, 2011
1,450,000	1,450,000	0.55	September 11, 2006	September 11, 2011
260,000	–	0.22	December 4, 2006	December 4, 2007
300,000	300,000	0.58	February 6, 2007	February 6, 2012
1,970,000	1,720,000	0.69	March 8, 2007	March 8, 2012
150,000	150,000	0.92	April 13, 2007	April 13, 2012
25,000	25,000	0.95	May 10, 2007	May 10, 2012
350,000	350,000	0.85	June 14, 2007	June 14, 2012
1,040,000	1,040,000	0.82	July 12, 2007	July 12, 2012
4,975,000	4,975,000	0.85	August 31, 2007	August 31, 2012
200,000	200,000	1.15	September 20, 2007	September 20, 2012
50,000	50,000	1.26	September 25, 2007	September 25, 2012
–	150,000	1.52	January 21, 2008	January 21, 2009
13,370,000	12,985,000			

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 October 31, 2005 is presented below:

	Number of Units		Exercise Price per Unit
Outstanding, October 31, 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, October 31, 2007 and February 13, 2008	-	$	-

Shares in Escrow:

Nil.

Financial Position:

The Company's financial position strengthened significantly from the opening level, including cash and short-term investments, of $3,215,748 to the period end level of $8,035,735, comprised of cash on hand of $1,035,735 and $7,000,000 in short-term investments. The net increase reflects the addition of net cash proceeds received from completion of a private placement amounting to $2,977,096 and from the exercise of outstanding options and warrants amounting to $11,967,759.

On August 24, 2007, the Company issued 3,943,000 units at $0.80 per unit for gross proceeds of $3,154,400 under a 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 $1.00 per common share. Values of $2,672,600 and $481,800 were assigned to the common shares and warrants, respectively, based on their relative fair values at the closing date of the private placement. The Company paid cash commissions of $150,000 and incurred other cash share issuance costs of $27,304. The fair values of the warrants issued in connection with this private placement were computed using the Black-Scholes option-pricing model.

During the year, the Company issued 2,220,000 shares on the exercise of options receiving proceeds of $1,069,950, issued 346,575 shares on the exercise of agents' options receiving proceeds of $103,973, and issued 24,927,407 shares from the exercise of warrants for proceeds of $10,793,836.

Offsetting this cash inflow, the loss for the year of $12,432,590, after adjusting for non-cash items and changes in non-cash working capital accounts, amounted to a $9,698,650 cash requirement.

In addition, the Company incurred cash costs of $426,218 for the purchase of an office building in the city of Durango, Mexico used by the Company's regional staff and visitors to the Company's properties in Durango State.

In summary, the aggregate net cash inflows from financing activities this year, which totaled $14,944,855 funded the adjusted cash operating loss for the year of $9,698,650 and the purchase of office space for $426,218 such that cash on hand of $1,035,735 and $7,000,000 in short-term investments remained at the end of the year available to fund the Company's ongoing drilling program for the La Preciosa property and more advanced exploration of Santa Monica and San Juan.

(Expressed in Canadian Dollars)

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 8, 2007. The Company also 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	-

As at October 31, 2007, the Company had incurred exploration expenditures on the Santa Monica property amounting to $456,417 and is consequently in compliance with the required expenditure commitments on the Santa Monica property to date.

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. In addition, upon satisfying the option expenditure requirement to earn the 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 and at October 31, 2007, has met the expenditure commitments to date per the agreement. Subsequent to the year-end, the Company's cumulative expenditures on the San Juan property exceeded US $750,000, consequently meeting all of the expenditure commitments for acquiring 75 per cent interest in the 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 to sustain its active drilling program and will be met by additional placements of its common shares with investors.

Related Party Transactions:

(a) Advances to Related Parties

As at October 31, 2007, advances to related parties consists of $19,632 (2006 – $nil) advanced to officers of the Company for travel expenses to be incurred on behalf of the Company. These amounts are non-interest bearing and will be applied in the future against travel expenses incurred by the officers on behalf of the Company.

(b) Due to Related Parties

As at October 31, 2007, due to related parties consists of $nil (2006 – $5,106) payable to an officer of the Company for management fees, $79,761 (2006 - $nil) payable to officers of the Company for travel expenses incurred on behalf of the Company, and $nil (2006 - $160,699) payable to a director of the Company for exploration expenditures. These amounts are non-interest bearing, unsecured and have no fixed terms of repayment.

(c) Related Party Transactions

During the period ended October 31, 2007 the Company entered into the following transactions with related parties:

(i) A company controlled by a director of the Company incurred $2,009,143 (2006 – $1,022,893) in exploration expenditures on behalf of the Company.

(ii) Companies controlled by officers of the Company earned management fees of $243,600 (2006 – $191,800).

(iii) Officers and a company controlled by an officer incurred $668,894 (2006 - $116,623) of travel expenses on behalf of the Company.

(iv) The Company subleases office premises to two companies having directors in common with the Company. The Company recovered $21,261 (2006 - $nil) from these companies, and consequently incurred net rent expense of $59,864 (2006 - $32,000).

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:

In May, 2006, the Company retained Meridian Capital International Ltd. ("Meridian") of Vancouver, British Columbia to provide corporate finance advisory services to the Company. On May 31, 2007, the Company terminated its contract with Meridian Capital International Ltd.

Adoption of New Accounting Standards and Developments:

(a) Accounting Changes

Effective November 1, 2006, the Company adopted the revised CICA 1506, “Accounting Changes”, which requires that: (i) a voluntary change in accounting principles can be made if, and only if, the changes result in more reliable and relevant information, (ii) changes in accounting policies are accompanied with disclosures of prior period amounts and justification for the change, and (iii) for changes in estimates, the nature and amount of the change should be disclosed. The Company has not made any voluntary change in accounting principles since the adoption of the revised standard.

(b) Financial Instruments

Effective November 1, 2006, the Company adopted the three new accounting standards and related amendments to other standards on financial instruments issued by the CICA. Prior periods have not been restated.

(i) CICA 3855, “Financial Instruments – Recognition and Measurement”

This standard prescribes when a financial asset, financial liability, or non-financial derivative is to be recognized on the balance sheet and whether fair value or cost-based methods are used to measure the recorded amounts. It also specifies how financial instrument gains and losses are to be presented. Effective November 1, 2006, the Company’s cash equivalents have been classified as held-for-trading and are recorded at fair value on the balance sheet. Fair values are determined directly by reference to published price quotations in an active market. Changes in the fair value of these instruments are reflected in foreign exchange gain/loss in the statement of operations. All other financial instruments will be recorded at cost or amortized cost, subject to impairment reviews. The criteria for assessing an other than temporary impairment remain unchanged. Transaction costs incurred to acquire financial instruments are included in the underlying balance. Regular-way purchases and sales of financial assets are accounted for on the trade date.

(ii) CICA 3865, “Hedges”

This standard is applicable when a company chooses to designate a hedging relationship for accounting purposes. It builds on the previous AcG–13, “Hedging Relationships”, and CICA 1650, “Foreign Currency Translation”, by specifying how hedge accounting is applied and what disclosures are necessary when it is applied. The Company had no hedging relationships as at November 1, 2006. There was no impact on the Company’s financial statements upon adoption of this standard.

(iii) CICA 1530, “Comprehensive Income”

This standard requires the presentation of a statement of comprehensive income and its components. Comprehensive income includes both net earnings and other comprehensive income. Other comprehensive income includes holding gains and losses on available for sale investments, gains and losses on certain derivative instruments and foreign currency gains and losses relating to self-sustaining foreign operations, all of which are not included in the calculation of net earnings until realized. This statement has been included in the consolidated financial statements for the fiscal year ended October 31, 2007.

(iv) CICA 3862, “Financial Instruments – Disclosures”

This standard relates to the disclosure of financial instruments. It applies to interim and annual financial statements for fiscal years beginning on or after October 1, 2007. Early adoption is permitted. CICA 3863, “Financial Instruments – Presentation” must be adopted at the same time, replacing CICA 3861, “Financial Instruments – Disclosure and Presentation”. The Company will adopt the standard commencing for its interim and annual financial statements for the fiscal year ending October 31, 2008.

(v) CICA 3863, “Financial Instruments – Presentation”

This standard relates to the presentation of financial instruments. It applies to interim and annual financial statements for fiscal years beginning on or after October 1, 2007. Early adoption is permitted. CICA 3862, “Financial Instruments – Presentation” must be adopted at the same time, replacing CICA 3861, “Financial Instruments – Disclosure and Presentation”. The Company will adopt the standard commencing for its interim and annual financial statements for the fiscal year ending October 31, 2008.

(c) CICA 1535, “Capital Disclosures”

This standard relates to the disclosure of capital management strategies. It applies to interim and annual financial statements for fiscal years beginning on or after October 1, 2007. Early adoption is permitted. The Company will adopt the standard commencing for its interim and annual financial statements for the fiscal year ending October 31, 2008.

(d) CICA 3031, “Inventories”

This standard relates to the measurement and disclosure of inventories. It applies to interim and annual financial statements for fiscal years beginning on or after January 1, 2008. Early adoption is permitted. The Company anticipates it will adopt the standard commencing for its interim and annual financial statements for the fiscal year ending October 31, 2008. The adoption of this standard is not expected to have a significant impact on the Company’s financial statements.

Subsequent Events:

(a) The Board of Directors approved a Shareholder Rights Plan (“Rights Plan”) whereby the Company will issue one right (a “Right”) effective December 4, 2007 for each common share outstanding as at December 4, 2007 and each common share issued in the future subject to the terms of the Rights Plan. The Rights issued under the Rights Plan become exercisable only if a person or entity acquires or announces its intention to acquire 20% or more of the common shares of the Company without complying with the "Permitted Bid" provisions of the Rights Plan or without the approval of the Company’s Board of Directors.

(b) On January 21, 2008, the Company amended its incentive stock option plan. Under the amended plan, the board of directors has the discretion to issue the equivalent of up to 19,438,030 shares. The amended stock option plan is subject to disinterested shareholders approval which will be sought at the Company’s upcoming annual and special meeting to be held on March 13, 2008. Options granted under the amended plan may not be exercised until disinterested shareholders approval is received.

(c) On January 21, 2008, the Company announced that it had granted stock options to consultants to purchase a total of 150,000 common shares at an exercise price of $1.52 per share for a period of one year under the terms of the Company’s amended incentive stock option plan. The options are subject to disinterested shareholders approval which will be sought at the Company’s upcoming annual and special meeting to be held on March 13, 2008. These options may not be exercised until disinterested shareholders approval is received. All options will vest immediately upon receipt of shareholders approval.

(d) From November 1, 2007 to February 13, 2008, a total of 716,875 common shares were issued subject to the exercise of stock options and warrants for gross proceeds of $399,825.

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.